

O-061-11

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NOS 2389622, 2389620 & 2389630  
BY AEON (UK) LTD TO REGISTER THE TRADE MARKS**

**E-TYPE**

**CAPTIVA**

**AND**

**OCTET**

**IN CLASS 11**

**AND IN THE MATTER OF CONSOLIDATED OPPOSITIONS  
THERE TO UNDER NOS 93760, 93761 & 93762  
BY TUDOL INTERNATIONAL LIMITED**

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**in Class 11**

**and**

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93761 & 93762  
by Tudol International Limited**

### **BACKGROUND**

1) On 16 April 2005, Aeon (UK) Ltd ("Aeon"), of Unit 7 & 8, 7 Grovebury Road, Leighton Buzzard, Beds, LU7 4SR applied under the Trade Marks Act 1994 for registration of the marks E-TYPE, CAPTIVA and OCTET. All three applications are in respect of the following goods in Class 11:

*Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply, sanitary purposes; air conditioning apparatus, electrical kettles, gas and electrical cookers, vehicle lights.*

2) All three applications were subsequently published in the Trade Marks Journal on 17 June 2005 and, on 19 September 2005, Tudol International Limited ("Tudol") of Colette Court, 125-126 Sloane Street, London, SW1X 9AU filed notice of opposition to all three applications.

3) The grounds of opposition are common to all three cases. Tudol have used the marks E-TYPE and CAPTIVA since August 2003 and OCTET since approximately August 2004 in respect of heated towel rails and radiators designed by Kamil Korhan Karagülle. In or about March 2004, Aeon agreed terms and conditions with Tudol and Mr Karagülle to supply the same goods under these marks. However, Tudol did not agree to Aeon applying to register these marks in relation to these goods. Aeon did receive such goods branded OCTET before Tudol, however, this was only after consent was provided by Tudol and Aeon was aware that these OCTET branded goods were not to be marketed exclusively by it. The applications therefore all offend under Section 3(6) and Section 5(4)(a) of the Trade Marks Act 1994 ("the Act") as they were made in bad faith and the goodwill identified by the contested marks resides with Tudol and the marks are therefore protected by the law of passing off.

4) In addition, in respect of Aeon's E-TYPE application, Tudol claims that as the mark consists essentially of the single letter "E" in combination with the descriptive word "type" it is devoid of distinctive character and offends under Section 3(1)(b) of the Act.

5) Aeon subsequently filed counterstatements denying Tudol's claims.

6) Both sides filed evidence in these proceedings and all three cases were subsequently consolidated. Both sides ask for an award of costs. Neither side requested a hearing and, after a careful consideration of the papers, I give my decision.

### **The Evidence**

7) Tudol's evidence is in the form of three virtually identical witness statements by Mr Karagülle, all dated 19 May 2006. Aeon's evidence also consists of three witness statements, all dated 23 November 2009, by Saffat Kalender, managing director of Aeon. These three sets of statements were provided in support of the three different proceedings before they were consolidated. Whilst there are some minor differences between the statements submitted in each set of proceedings, they essentially describe the same set of circumstances.

8) In his witness statements, Mr Karagülle explains that he has been operating as a sole trader under the name Korle Metal Sanayi Ve Ticaret ("Korle"), a radiator manufacturing business in Turkey since 2002 and that he designed and named radiators and heated towel rails. These names included E-TYPE, CAPTIVA and OCTET. According to Mr Karagülle, in June 2002, he agreed with a cousin of his that the cousin's company, Tudol, would be Mr Karagülle's exclusive distributor in the UK. To begin with, Tudol "got off to a slow start" due to an illness in his cousin's family, therefore, with Tudol's agreement, Korle also supplied radiators to Pitacs Limited ("Pitacs"), an associated company, and an exclusive licensee, of Aeon. Invoices relating to this, and dated between January and March 2003, are provided at Exhibit KK3. These invoices refer to "stainless steel radiators". At Exhibit KK4, Mr Karagülle provides further invoices to Pitacs, one of which dated 24 March 2004, lists the goods by name and includes E-TYPE, CAPTIVA-18, CAPTIVA-24, CAPTIVA-30 and OCTET 20.

9) At his Exhibit SK8, Mr Kalender provides a copy of a page from a trade magazine entitled "h & v news", dated September 2004. This is provided in support of his contention that before that date, Tudol had not traded in the goods in the UK. The article records that "Accuro-Korle is entering the UK market with a range of brushed stainless steel designer radiators directly from its factory". The contact details given are those of Accuro-Korle and not those of Tudol. Accuro-Korle is the name used by Korle to identify its goods.

10) Mr Karagülle provides two undated brochures illustrating ACCURO-KORLE products (Exhibit KK2) that include representations of radiators in respect of all three of the contested marks, as well as many others. The first of these brochures contains Tudol's details. Mr Karagülle states that he conceived the various names for his designs (including the name "ESCAPE", but he concedes that when he designed this in 2002 it was simply called "O1"). Mr Kalender provides a copy of Mr Karagülle's "original" brochure (Exhibit SK1) claiming that it illustrates that Mr Karagülle used one or two letter character codes such as "H", "DH", "HU", "HT", etc. and were in respect of ordinary looking goods that are distinguishable from later designs created by Mr Kalender and known by the trade as E-TYPE, OCTET, CAPTIVA and other names. Mr Karagülle provides, at Exhibits KK12 and KK13, copies of invoices dated January 2003 to July 2004 from Korle to Pitacs. These show the names of the radiator models but Mr Karagülle contends that these merely illustrate names that originated from him.

11) Mr Kalender claims that his company, Pitacs, placed a trial order in April 2002 for stainless steel radiators produced by Mr Karagülle, where "all the distinctive features of the design" were specified by Mr Kalender. Mr Kalender explains that he needed more than one product to create a separate brand for these high quality products and did not want to use the model codes used by Mr Karagülle. He therefore created the AEON range. Mr Karagülle claims that Mr Kalender only created the AEON range because he was asked not to use KORLE and he was told he should find a new brand name.

12) According to Mr Kalender, Mr Karagülle first mentioned his cousin in September 2002 when he explained to him that there were discussions to allow his cousin to sell Mr Karagülle's products, but that he needed another outlet in the UK because he was not confident of his cousin's ability to successfully sell the products. He then became involved with Korle at the end of 2002, when he spent time researching and designing radiators. Sometimes he did this in England, at other times he worked at Mr Karagülle's premises in Turkey. He explains that this is the reason he does not have access to most of his design drawings and freehand sketches. However, he does provide two drawings, at Exhibit SK2. The first of these includes a hand drawn design with the handwritten name E-TYPE appearing alongside and includes the hand-written date "4 Mar 03". The second is a technical drawing of a radiator identified by the name OCTET 15 and carries the printed date 21 March 2001. Mr Kalender is identified as the originator and it also carries a notice identifying the design as being the copyright of Pitacs Ltd. He states that his designs were sometimes amended for ease of fabrication and he also sought opinions from the welders at Mr Karagülle's factory and from Mr Karagülle himself, however, as his training was as a musician, "there was not really any opportunity for him to make a significant design contribution".

13) Mr Kalender states that all this work was done with the unwritten understanding that they would exploit the market together. They planned to form

a partnership with Mr Karagülle manufacturing the products in Turkey and Mr Kalender marketing them in the UK. In April 2003, Mr Kalender claims he designed a range of products including the OCTET radiator and between March 2003 and August 2004 he spent £140,000 marketing the AEON range. The resultant brochure, dated 2003, (Exhibit SK3) includes the E-TYPE, OCTET and CAPTIVA models. Mr Karagülle's version of events is that all of Korle's designs were sold to Tudol in November 2003 prompting Mr Kalender to ask to be supplied with the full range also. Out of loyalty to his cousin, Mr Karagülle initially refused but, after discussions with his cousin, he subsequently allowed Pitac to sell the new designs. The last consignment was shipped on 23 July 2004.

14) Problems arose between Mr Kalender and Mr Karagülle partly because Mr Karagülle had announced on his website that his cousin was his exclusive UK distributor. Mr Karagülle states that he made it clear to Mr Kalender both orally and in e-mails, that Tudol was the exclusive distributor of Korle's products in the UK and that any sales by Mr Kalender required Tudol's consent. Mr Kalender complained by e-mail. Copies of these e-mail exchanges are included at Exhibit KK6. These are written in their native language of Turkish and translations are provided by a translation centre located in Istanbul. Whilst these translations are, at times, difficult to understand, the following appears to be of relevance:

" From: Saffet Kalender  
Sent: Thursday, October 16, 2003 6.28 PM  
To: [korle@accuro-korle.com](mailto:korle@accuro-korle.com)  
Subject: Korle web site

I looked to your web site for the first time ... You announce that the company of Mr Kamil [Mr Korle's cousin] has been the Exclusive UK Distributer. I know you make deliveries to Mr Kamil but I did not know that you had given exclusive sales rights.

What would you think if you were me? I will make the presentation, promotion and distribution of your products... But on the other hand I have no commercial standing points...."

15) Mr Karagülle responded at length on Friday, October 17, 2003. This reply included:

"Kamil's being present in the web site as the Exclusive UK distributor is not a case which happened now... Kamil's address is Exclusive UK was already there when [Mr Kalender had previously visited the web site]... Leave that aside, I had mentioned you about this when you had come here and in our first meeting."

16) Mr Kalender also wrote on Friday, March 26, 2004. His email included the following:

“... Another issue, as you know, Mr Kamil also markets E-type, Impulse, Ecstasy and other models intensively but we invested long term in the market by supporting Korle Metal. ... The cost of these products are naturally higher. Thus, if this campaign makes the products known and increase the sales of Kamil; this will be like cutting the branch on which you also sit. I mean like a neighbor's [sic] entering in my garden and eating the fruit which I grow.

... You gave me guarantee about these matters for times and times but I feel a need to write once more though... For not to have future problems. I mean in a year me and Kamil should take totally different products.”

17) Mr Karagülle states that in July 2004, in a telephone conversation, Mr Kalender again asked to be made exclusive distributor, but that this was refused. According to Mr Karagülle, this led to a falling out between him and Mr Kalender. Mr Kalender's version of events is that he produced a distribution agreement (Exhibit SK4) that Mr Karagülle signed and returned a copy by fax (Exhibit SK4) to Mr Kalender in May 2004. He says he never received the original. This distribution agreement gives Pitacs exclusivity in the UK and identifies that “all rights to the trademark ... shall remain the exclusive property of the distributor”. “Trademark” is defined in the agreement as “... the Distributor's trademark Aeon, Ultraheat or other trademarks that may be added from time to time by the Distributors.” A schedule attached to this agreement provides a list of products covered by the agreement and includes models called CAPTIVA 18, CAPTIVA 24, CAPTIVA 30, E-TYPE, OCTET 1500, OCTET 1800 and OCTET 2000. However, there is no explicit provision regarding Pitac's rights in respect to these model names. Mr Kalender states that Mr Karagülle subsequently made a complaint to the Chief Public Prosecutor's Office in Turkey, alleging that the faxed (and signed) copy of the document was a forgery. In June 2006 the office rejected the complaint. Mr Kalender provides a copy of the “Decree of no Prosecution and an English translation at Exhibit SK7.

18) Mr Karagülle states that Mr Kalender was well aware of Mr Karagülle's design rights and to support this he provides copies of e-mails between himself and Mr Kalender at Exhibit KK7. The following extracts are from these e-mail exchanges:

*E-mail of 15 September 2003*

Mr Kalender: “None of the models you offer contain a dramatic design difference when compared with the other models present in the market (i.e. not like your exclusive offer models to Mr. Kamil)”

Mr Karagülle: “One must enter into a very sophisticated production process that requires a highly complicated work for to produce very

different models.... The models that I gave to Kamil, such as Ecstasy and Totem, are different by means of design..."

"you may wait a little while; a new model called Quadro (sic) to come... A completely different design."

*Second E-mail of 15 September 2003*

Mr Karagülle: "You may find my style not true. Also you may say that I cannot be successful in trade by this approach...My target is not only to make money. I will do all the models in my head, one by one. And I will bear the material and other costs of this ideal. I believe in doing and creating something not to make it just for money."

*E-mail of 7 October 2003*

Mr Kalender: "I always have interest on your new and economical models and I want to see the model 20\*60 and 21 pipes employing model that you will do."

*E-mail of 9 March 2004*

Mr Karagülle: "I have in my head a model called Long Pulse as 180cm and combo too.... I will send technical drawings of these soon."

*E-mail of 19 April 2004*

Mr Karagülle: "By the way another model came out: its name is Mariner.... I send you the technical drawing (on AutoCAD)."

19) At Exhibit KK9, Mr Karagülle also provides a copy of a catalogue and price list for AEON branded radiators. In the "introduction" found on the second page of the price list, it is stated that "[f]antasy meets function in the new AEON Collection that are exclusively designed and manufactured by Korle Metal of Turkey". On its back page the Pitacs company name and address appears. However, Mr Kalender's version of events is that on 25 to 29 April 2004, Pitacs displayed the Aeon collection at an exhibition. Pitacs engaged a marketing company to design the catalogue for this exhibition, but to save costs a Turkish printing company was used and Mr Karagülle co-ordinated with these printers and provided photographs of the products. Without Mr Kalender's knowledge or permission, Mr Karagülle also got the printer to add his logo and the legend "designed and manufactured by Korle". Because of the now sensitive relationship between Mr Kalender and Mr Karagülle, he did not confront Mr Karagülle about this but, instead, noticed that the print had not been sealed and together with a co-director and their respective wives, removed the offending material using a pencil eraser. It was this version of the catalogue, without Korle's details that was

distributed at the exhibition. At Exhibit SK5 there is a copy of the relevant page of the catalogue in the form it was distributed at the exhibition.

20) According to Mr Kalender, this led to an order from *B&Q* and he kept Mr Karagülle fully informed by e-mail. However, upon Mr Kalender's return from a holiday he discovered that Mr Karagülle had told the *B&Q* representative that Mr Kalender and his company were no longer involved and that he, Mr Karagülle, would deal with them direct. Mr Karagülle states that on 13 August 2004, Tudol agreed to supply *B&Q* with Accuro-Korle radiators. Mr Kalender provides copies of letters at his Exhibit SK10, dated 15 June 2004 and 14 July 2004 from himself to the *B&Q* representative to illustrate his involvement in the deal. It is common ground that at the time Mr Karagülle agreed to supply *B&Q* through Tudol, Mr Kalender started using another Turkish company called Termosan to manufacture its radiators. Mr Kalender says he did so to ensure supplies to meet existing orders following the breakdown of the relationship with Mr Karagülle. Mr Karagülle points out that the Termosan products included the same design and bore the same names as Mr Karagülle's products. This is illustrated in Exhibit KK10, where Mr Karagülle provides a copy of the 2005 price list for the Aeon collection of radiators. The back page of this document records the details of Pitacs and lists the manufacturer as Termsan Heating Systems Co in Turkey. The document has no mention of Korle. Mr Kalender explains that it did not need to as it was exhibiting radiators that he designed and that were produced by Termosan, so there was no need to reference Korle.

21) In January and March 2005, Mr Kalender applied for registration of, what he states are, his designs, including those identified by the names corresponding to the contested marks. At Exhibits KK14 and KK15, Mr Karagülle provides copies of some of these UK and Community registered designs (in the name of Pitacs) and claims that of the thirteen UK registered designs, seven are exact or almost identical copies to his own designs. These were all filed in January and March 2005, after the time when the relationship between Mr Karagülle and Mr Kallender had already broken down.

22) In 2005 Mr Kalender successfully objected to Mr Karagülle's applications to register various designs at the Turkish Patent Institute because designs "similar in terms of their general impressions" (official Patent Institute translation of the decision at Mr Kalender's Exhibit SK9) had appeared in Mr Kalender's catalogue that predated the date of registration of the designs (April 2003). At Exhibit SK16, Mr Kalender also provides a copy of decisions of the invalidity division of the OHIM that found that a number of registered designs in the name of Mr Karagülle were invalid because they did not produce an overall different impression to prior designs in the name of Pitacs. Mr Kalender states that these designs related to those designs marketed under the contested marks.

23) Mr Karagülle states that he did not give Mr Kalender, Pitacs or Aeon permission to apply to register the contested marks. He states that he has had no

dealings with Aeon and that the marks and designs relating to the radiators in question are his and that, as exclusive distributor in the UK, he has given Tudol permission to oppose the applications.

24) Both sets of evidence contain a number of submissions in addition to the evidence of fact. I do not intend to detail these submissions here, but I will keep them in mind.

## **DECISION**

### **Section 3(1)(b) in respect of E-TYPE**

25) This section of the Act reads:

3. - (1) The following shall not be registered -

...

(b) trade marks which are devoid of any distinctive character,

...

26) No submissions have been forthcoming from Tudol except in its statement of case where it claimed the mark is devoid of distinctive character because it consists essentially of the single letter “E” in combination with the descriptive word “type”. I do not intend to comment in any great detail in respect of these grounds. The comments of the Court of Justice of the European Union (“the CJEU”) in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG Case C-265/09P* appear relevant in assessing the level of distinctiveness of the mark E-TYPE:

34 ... the Court has already stated that difficulties in establishing distinctiveness which may be associated with certain categories of marks because of their very nature – difficulties which it is legitimate to take into account – do not justify laying down specific criteria supplementing or derogating from application of the criterion of distinctiveness as interpreted in the case-law (see *OHIM v Erpo Möbelwerk*, paragraph 36, and *Audi v OHIM*, paragraph 38).

...

38 In relation, more particularly, to the fact that the sign at issue consists of a single letter with no graphic modifications, it should be borne in mind that registration of a sign as a trade mark is not subject to a finding of a specific level of linguistic or artistic creativity or imaginativeness on

the part of the proprietor of the trade mark (Case C-329/02 P SAT.1 v OHIM [2004] ECR I-8317, paragraph 41).

39 It follows that, particularly as it may prove more difficult to establish distinctiveness for marks consisting of a single letter than for other word marks, OHIM is required to assess whether the sign at issue is capable of distinguishing the different goods and services in the context of an examination, based on the facts, focusing on those goods or services.

27) Taking these comments into account, it is clear that merely because “E” is a single letter does not automatically lead to a conclusion that it is devoid of distinctive character. I must assess if it is capable of distinguishing the goods in question. Of course, the mark here is not just the letter “E” but also the word “TYPE” with the two separated by a hyphen. However, no evidence has been put forward as to what the term E-TYPE might mean in the context of the goods involved or why it may be devoid of distinctive character. For example, there is nothing to indicate that radiators come in different generic types codified by letters. In the absence of such evidence or of any obvious reason why the term E-TYPE is non-distinctive for these goods, I must dismiss the grounds based upon Section 3(1)(b).

#### **Section 5(4)(a)**

28) Next, I will consider the ground under Section 5(4)(a). That section reads as follows:

“5.-(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) .....

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark”.

29) The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] R.P.C. 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

(1) that the opponents’ goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponents; and

(3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

30) To the above I add the comments of Pumfrey J (as he then was) in the *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case [2002] RPC 19, in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See Smith Hayden (OVAX) (1946) 63 RPC 97 as qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

### The Relevant Date

31) Whilst I note that other dates may be relevant, the relevant date for determining the opponent's claim will normally be the filing date of the applications in suit (*Last Minute Network Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, Joined Cases T-114/07 and T-115), that is to say 16 April 2005 (for all three applications). The earlier right must have been acquired prior to that date (Article 4.4(b) of First Council Directive 89/104 on which the UK Act is based).

## Goodwill

32) I must first assess if the opponent has acquired any goodwill and if so, what is the extent of this goodwill at the relevant date. There is much in Mr Karagülle's evidence as to him appointing Tudol as the exclusive distributor in the UK for Korle's products. Whilst this point is disputed between the parties, it is not necessary to decide the point here. What is important is examining the evidence to establish the extent of any goodwill enjoyed by Tudol. Here the evidence is lacking. There is not one piece of evidence to show any sales of goods sold under any of the three contested marks except invoices showing that goods were provided to Pitacs. Mr Karagülle does state that Tudol agreed to supply B&Q with Korle radiators in August 2004. Whilst it is common ground between the parties that this agreement existed, there is no evidence that this agreement was ever fulfilled. Further, there is the article that appeared in the trade magazine "h & v news" in September 2004. This announces that Korle was introducing its radiators onto the UK market. The contact details in the article are those of Korle and not Tudol and also there is no evidence that these plans ever came to fruition. In his witness statement, Mr Kalender expresses the view that he did not want to put resources into marketing Korle's goods only for Tudol to benefit from this. However, this view does not confirm any selling activity, or any other activity, on the part of Tudol that may have generated goodwill. Finally there is the brochure exhibited by Mr Karagülle that carries the contact details of Tudol. This brochure is undated and in the absence of other evidence, it alone cannot be taken as illustrating that Tudol actually traded in the UK in respect of the marks in question.

33) Taking all of the above into account, I conclude that the evidence fails to show that Tudol ever traded in the UK using the contested marks. Therefore, in the absence of any evidence to the contrary, I conclude that Tudol has not established the necessary goodwill in the UK required for a passing off action under Section 5(4)(a) of the Act. The opposition based upon these grounds is therefore dismissed.

### **Section 3(6)**

34) Section 3(6) of the Act reads as follows:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

35) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date (*Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 paragraph 35).

36) In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367,

Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

37) In *Harrison v. Teton Valley Trading Co* [2005] FSR 10, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. .... Therefore I consider .... that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

38) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The majority of their Lordships were also in agreement with Lord Hutton’s comments in *Twinsectra*. They then went on to state:

“15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about what those standards were.”

39) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the transaction if I am satisfied that its action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normal accepted standards of honest conduct. Thus, in considering the actions of Aeon, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

40) In the current case, I am left to make a judgement based upon sometimes contradictory evidence and contradictory interpretations of the evidence even when both parties do not dispute the primary fact. This leaves me with a difficult task of making a finding by balancing these factors. It is helpful at this stage if I summarise the position, as I understand it:

- In 2002, Mr Karagülle’s company, Korle, was producing radiators in Turkey. He claims that a cousin in the UK, through his company Tudol, was made sole UK importer of Korle’s radiators, but because of problems setting up this arrangement, he also turned to Mr Kalender, and his company Pitacs, to also import Korle’s radiators into the UK. Mr Karagülle contends this was with the consent of Tudol.

- Mr Karagülle claimed he designed the radiators (and provides evidence of this in respect of the E-TYPE and OCTET radiators). Mr Kalender claimed it was he who designed them and he also devised the marks at issue together with the associated designs. There is some support for the former claim in the extracts of e-mails that he has provided.
- Mr Kalender claims he was initially unaware of any agreement between Korle and Tudol and he wanted Pitacs to be the exclusive UK importer. He was made aware of Tudol's status as exclusive UK distributor by Mr Karagülle, during an e-mail exchange in October 2003 when Mr Karagülle pointed Mr Kalender to the information on his website that had been there for some time and also reminding him that he had mentioned it at their first meeting.
- Mr Kalender claims they planned to form a partnership with Korle manufacturing the goods in Turkey and his company marketing them in the UK and that his company spent £140,000 marketing, what he named the AEON range, between March 2003 and August 2004. His brochure from that time included use of all three marks as names of radiators. Shortly after he set up the applicant company, Aeon. Mr Karagülle claims that he sold to Tudol from November 2003 and that Mr Kalender wanted to be supplied with the full range also. After obtaining consent from Tudol, he did so with the last consignment being in July 2004. By this time, Aeon was also obtaining radiators from another source, according to Mr Kalender, to preserve supply to meet existing orders.
- To overcome potential problems between Tudol and Aeon, Mr Kalender suggested that Korle provide the two companies with different products. Mr Karagülle's refusal led to their falling out. Mr Kalender claims that, at this time, he produced a draft distribution agreement that was signed by Mr Karagülle and returned to him by fax, but that a hard copy was never received. This agreement was between Korle and Pitacs and did not involve the opponent, Aeon. Mr Karagülle unsuccessfully challenged the authenticity of this agreement at the Chief Public Prosecutor's Office in Turkey.
- In 2005, Mr Kalender filed Community design registrations and UK national design registrations of various radiators, including those identified by the three contested marks. He also applied to register the contested marks. The Community design registrations have subsequently been successfully relied upon in proceedings before the Turkish Patent Institute to prevent Mr Karagülle registering similar designs.

41) The issue relating to who designed the goods at issue is not directly relevant to these proceedings but it may provide evidence of a pattern of behavior by Mr

Kalender that can be categorized as acting in bad faith. As such, I will consider the issue as part of my overall review of the facts.

42) It does not appear that either Mr Karagülle or Mr Kalender has been completely correct in their recollection of the facts relating to the design of the goods. It is clear from the sketches provided by Mr Kalender that he designed at least two of the radiators in question in 2001 and 2003 respectively. This apparently counters Mr Karagülle's assertion that it was he who designed the products. However, it is also clear that Mr Karagülle was involved in the design process (contrary to Mr Kalender's assertion) and may even have been the principal designer. This is borne out in some of the e-mails between the two gentlemen where Mr Karagülle variously said:

"...The models that I gave to Kamil, such as Ecstasy and Totem, are different by means of design..."

"you may wait a little while; a new model called Quadro to come... A completely different design."

"...I will do all the models in my head, one by one. And I will bear the material and other costs of this ideal. I believe in doing and creating something not to make it just for money."

"I have in my head a model called Long Pulse... I will send technical drawings of these soon."

"...another model came out...I send you the technical drawing (on AutoCAD)."

43) Whilst these comments do not relate to the design of the radiators identified by the marks at issue they, nonetheless, indicate that Mr Karagülle was designing products himself and sending drawings of these designs to Mr Kalender. I conclude from this that Mr Karagülle designed many of his products, but that also Mr Kalender was involved in the design process, at least in the early stages of their relationship and designed radiators identified by two of the contested marks.

44) I note that there has been/are proceedings in the High Court in respect of a number of design registrations in the name of Pitacs, but the outcome of these proceedings is unknown. That said, I do not see the outcome to be in any way decisive in the current proceedings as they do not relate to the contested marks. Further, the disputes involving Community design registrations relating to who has the earlier right to the various designs. This goes to the issue of who filed for the registrations first and not to the issue of proprietorship of the designs *per se*. This can be seen from the copies of decisions provided that relate to some of these disputes.

45) What I am required to consider in these proceedings is whether the applications to register the three contested marks is an act of bad faith. To do so, I need to consider the impact, if any, of the faxed signed agreement between Korle and Pitacs. I note that it has been unsuccessfully contested in Turkey by Mr Karagülle and there is no evidence before me that would lead me to the conclusion that it is not valid. Firstly, and decisively, the agreement is between Korle and Pitacs and not between Korle and the applicant, Aeon. As such, I cannot see how it can bind either Korle or Aeon in their relationship.

46) Secondly, there is no evidence before me that Tudol or Korle have any registrations in the contested marks either in the UK or elsewhere. As the Trade Marks Act only provides for licenses in respect of registered marks, it cannot be the case that either Tudol or Korle can claim any assistance in these proceedings from the wording of this agreement.

47) A study of the evidence provides little by way of clues as to which party has the right to use or register the contested marks. It is clear that Mr Karagülle, at an early stage, referred to Korle's products by one or two letters, however, this does not necessarily support the view that he didn't subsequently decide on the marks at issue. Both Pitacs (and later Aeon) and Korle produced catalogues featuring the marks.

48) However, one piece of evidence may be instructive. In March 2004, Mr Kalender wrote, in an e-mail to Mr Karagülle, that "Mr Kamil [Mr Karagülle's cousin] also markets E-type, ... and other models intensively..." In making such a statement, Mr Kalender makes it clear that he thinks (but as I have said earlier in my decision, it has not been verified) that Tudol is marketing a radiator called E-TYPE. However, he does not express any surprise that they are using what, he alleges, is his mark. I would expect him to raise an issue about a perceived competitor using his mark without his permission. His complaint to Mr Karagülle is one relating purely to an exclusive licence to sell Korle's products in the UK, rather than one of Tudol or Korle using Mr Kalender's marks. His lack of criticism of this suggests that he did not believe that the marks were his and his silence on the point appears to be an acknowledgement that he believed Mr Kamil to be marketing Korle's goods using Korle's marks (as did Pitacs) and not his own.

49) Further, Mr Karagülle provides an invoice to Pitacs where the goods are identified by their names. Mr Kalender argues that this was done merely for ease of reference and that there is nothing unusual about referring to the distributor's (i.e. Pitacs') marks in an invoice. However, I am unconvinced of this interpretation. It is at least equally likely that such reference to the marks was made because Korle was referring to its own marks.

50) Mr Kalender appears to have spent a considerable amount of money on marketing Korle's radiators and he may have justifiably felt aggrieved that such

marketing may assist Tudol. If this was so, it does not save Mr Kalender as there is no need for me to give effect to the applicant's own belief in the propriety of their behaviour (*Fianna Fail and Fine Gael* [2008] ETMR 41). Therefore, it would be wrong for Mr Kalender to consider that, because of this investment, he should be entitled to apply to register the contested marks after he ceased to be supplied by Korle.

51) I note these points together with Mr Kalender's denial that Mr Karagülle played no part in the design process, despite evidence in the form of emails between the two being highly suggestive to the contrary. Taking all of this together, whilst not overwhelming by any means, it indicates to me that, on the balance of probability, Mr Karagülle's version of events should prevail and that the marks were first conceived by Mr Karagülle and he used them for particular designs of radiators that his company, Korle, manufactured.

52) Section 3(6) of the Act relates to an absolute grounds for refusal as opposed to relative grounds that are concerned with conflict between a trade mark and other parties' earlier rights. As such, to make a finding of bad faith, it is sufficient to consider the actions of the applicant in respect of accepted standards. It is not necessary to measure his actions by way of effect upon an opponent. The implication of this to the current proceedings is that I am not required to find that Aeon has entered into acts of bad faith against Tudol, it is sufficient that I find that it has acted in a way that is considered contrary to normal accepted standards of honest conduct (even if its actions were in respect of its dealing with Mr Karagülle and his company Korle rather than the opponent in these proceedings). With this in mind and in light of my findings above, I conclude that Aeon's application to register the marks E-TYPE, CAPTIVA and OCTET is an attempt to appropriate marks that Mr Kalender knew were being used by Mr Karagülle to identify goods produced by his company Korle. It is, therefore, an act that is contrary to normally accepted standards of honest conduct and is a business dealing that falls short of the standards of acceptable commercial behaviour.

53) Aeon's applications are in respect of a wide range of goods covered by Class 11, however, despite Tudol opposing the whole of these applications, it is clear from the evidence that the area of conflict is in respect of *radiators* and *heated towel rails* only. There are no arguments or evidence to support a decision to uphold the opposition for all of Aeon's goods. *Radiators* are *apparatus for heating* and *heated towel rails* have the dual purpose of heating a room and drying towels. Therefore, I find that the applications are made in bad faith in respect of the following goods:

*Apparatus for heating (and) drying*

54) The applications are acceptable insofar as they relate to the following goods:

*Apparatus for lighting, steam generating, cooking, refrigerating, ventilating, water supply, sanitary purposes; air conditioning apparatus, electrical kettles, gas and electrical cookers, vehicle lights.*

55) Therefore, I find that the applications to register the marks E-TYPE, CAPTIVA and OCTET, in respect to the goods listed in paragraph 51 are acts of bad faith and as a result the opposition based on Section 3(6) of the Act succeeds in respect of these goods.

## **COSTS**

56) The oppositions having been partially successful (and in respect of the actual goods that the alleged activities of the applicant relate), Tudol is entitled to a contribution towards its costs. I take account of the fact that no hearing has taken place and the fact that whilst it is now unrepresented, Tudol was represented by Mathys & Squire LLP until December 2008 at which time all its substantial contributions to these proceedings had been completed.

57) I award costs on the following basis:

Preparing and filing 3 statements & considering reply statements	£1200
Preparing and filing evidence and considering other side's evidence	£1500
<b>TOTAL</b>	<b>£2700</b>

58) I order Aeon (UK) Ltd to pay Tudol International Limited the sum of £2700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 22 day of February 2011**

**Mark Bryant  
For the Registrar,  
the Comptroller-General**