

**BL-053-19**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3235006 BY  
KABUSHIKI KAISHA BIGWEST (ALSO TRADING AS BIGWEST CO LTD)  
TO REGISTER:**

**MACROSS**

**AS A TRADE MARK IN CLASS 41**

**AND**

**OPPOSITION THERETO (UNDER NO. 410209) BY  
HARMONY GOLD USA, INC**

## **Background**

1. Kabushiki Kaisha Bigwest (also trading as Bigwest Co Ltd) (“Bigwest”) applied to register **MACROSS** as a trade mark in the UK on 2 June 2017 (claiming a priority date of 1 February 2017 from a Japanese trade mark application). Bigwest’s application was accepted and subsequently published for opposition purposes in the Trade Marks Journal on 9 June 2017. Registration is sought in relation to:

**Class 41:** Diorama and scale model making and DIY carpentry instructions; organising and managing of handicraft, scale model and DIY carpentry exhibitions; providing on-line electronic publications, not downloadable; art exhibition services; exhibitions of animation related materials; publishing services; on-line publication of electronic books and periodicals; arranging and conducting of concerts; organization of shows [impresario services]; providing films, not downloadable, via video-on-demand transmission services; theatre production services; production of radio and television programs; radio entertainment; television entertainment; providing television programs, not downloadable, via video-on-demand transmission services; production of broadcast media related to scale modelling; production of music; music composition services; organisation of fashion shows for entertainment purposes; organizing and managing of lottery events; karaoke services; electronic games services provided by means of the internet; game services provided on-line from a computer network; fan club services in the nature of entertainment; providing entertainment information via a website; entertainment services; entertainment ticket agency services; presentation and rental of sound and image recordings; providing sports facilities; recording studio and television studio services; games equipment rental.

2. Harmony Gold USA, Inc (“Harmony”) oppose the registration of the mark under sections 5(2)(a), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”)<sup>1</sup>. The

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<sup>1</sup> An additional ground under section 5(2)(b) and a further ground under section 5(2)(a) were initially pleaded, but these were withdrawn as the earlier marks did not predate Bigwest’s application.

grounds of opposition were denied by Bigwest in its counterstatement, and it put Harmony to proof of its claims.

3. Both sides filed evidence. A hearing to determine the claims then took place before me on 18 October 2018.

### **Representation**

4. Both sides have professional legal representation. The applicant is represented by AA Thornton & Co, the opponent by Stevens Hewlett & Perkins. Both representatives instructed counsel to attend the hearing; Mr Tom Alkin for the applicant, Ms Ashton Chantrielle for the opponent.

### **The claims**

5. Whilst I will come back to the relevant facts in greater detail shortly, it is useful to set out some basic factual information here, in order to put the claims in context. Put at its very simplest, MACROSS is a name associated with a Japanese television series called “The Super Dimension Fortress Macross”, first broadcast in Japan in the early 1980s. Whilst Bigwest (one of three companies involved in the production of the programme) were granted the rights to commercially exploit the series in Japan, Harmony (via a sub-licence from another company involved in the production, Tatsunoko Ltd (“Tatsunoko”)) were granted the commercial exploitation rights outside of Japan/Asia. Against this most basic of factual backgrounds, the following claims are made:

- Section 5(2)(a), because Harmony already owns a trade mark (UK registration 2204547) comprising of the word MACROSS which is registered in classes 16 and 25. Harmony considers the marks to be identical, that at least some of the respective goods and services are similar, and that there exists a likelihood of confusion. It should be noted that because this earlier mark (filed on 30 July 1999) was registered on 14 February 2003 (more than five years before the publication of the contested mark), the proof of use provisions set in section

6A of the Act apply to it. The relevant period for proof of use is 10 June 2012 to 9 June 2017.

- Section 5(3), with Harmony relying on the same earlier mark (with the same necessity to meet the proof of use conditions) claiming that the mark has a reputation for all of its goods, goods which are associated with the renowned television programme MACROSS. It relies on unfair advantage, tarnishing and dilution as heads of damage.
- Section 5(4)(a), relying on a claimed goodwill associated with the name MACROSS in relation to various goods. Harmony considers that its goodwill would put it in a position to prevent the use of the applied for mark in the UK under the law of passing-off. There was a discussion at the hearing relating to the goods for which Harmony's claimed business has goodwill and a corresponding request to amend its pleading; I return to this later.
- Section 3(6), with Harmony relying on the claimed knowledge of Bigwest of various agreements relating to the commercial exploitation of the series (and legal judgments in connection thereof). It claims that filing the application with such knowledge constituted an act of bad faith.

### **Harmony's use in the UK**

6. I find it convenient to begin by considering the use that Harmony has made of the mark/sign MACROSS in the UK. This is relevant for at least three reasons:

- i) Harmony's earlier trade mark registration must satisfy the use conditions set out in section 6A of the Act, otherwise it cannot be relied upon under sections 5(2)(a) or 5(3) of the Act.
- ii) Harmony's earlier trade mark registration must enjoy a reputation in the UK, otherwise the claim under section 5(3) of the Act is bound to fail.

- iii) Harmony must establish that it has a business with a protectable goodwill in the UK associated with the sign MACROSS, otherwise its claim under section 5(4)(a) is also bound to fail.

7. I will, therefore, begin this decision by assessing the evidence against these three aspects and make factual findings accordingly.

8. The primary witness in relation to the use made of the mark/sign by Harmony is Mr Christy Duran, its Vice President of Business and Legal Affairs. Mr Duran begins by giving a history of the television programme and the various agreements which led Bigwest to exploit the name MACROSS. I will come back to much of this later. For the present purposes, however, I will focus on the use which has been made of the mark in the UK. In relation to this, Mr Duran states that sales have been made since at least 2002, including in the period 9 June 2012 to 9 June 2017. He then refers to Exhibit CD2 which he says are invoices (they are headed as “order details” on the prints themselves) for comics and books in class 16, t-shirts in class 25 and various other pieces of merchandise. The orders are as follows:

- Order details in respect of a MACROSS DVD Mini boxset, for the sum of \$39.99 to a customer called Michael in the UK. The order dates to November 2015.
- Order details in respect of a “SDF-1” mug, for the sum of \$28 to a customer called Craig in the UK. The order dates to November 2016.
- Order details in respect of a number of items, including 4 items entitled “ROBOTECH: The Macross Saga Vol [1, 2, 3 & 4]”, for the sum of 117.85 (the currency is not specified, something which applies to all of the orders that follow) to a customer called Jamie in the UK. The order dates to August 2012.
- A similar order (for the same ROBOTECH titles), but additionally two MACROSS t-shirts, for a total sum of 247.04. The customer is called Ian and is in the UK. The order dates to October 2012.

- Order details in respect of a “ROBOTECH: The Macross Saga RPG Sourcebook” (and another product), the total sum for which was 270.47 (the book was 15.95). The customer is called Sean and is in the UK. The order dates to 2013.
- Two separate order details from the same customer (John J) in the UK for the same item, a “MACROSS Limited Edition 12 inch Hikaru Flight Suit Light up figure”. The price of each order was 128.41. The orders are from June and August 2013.
- Order details for a MACROSS cap (16.99) to a customer called Linda in the UK. The order dates to November 2001.
- Order details for a MACROSS cap (16.99) to a customer called Dominic in the UK. The order dates to February 2002.
- Order details for a “MACROSS super posable set” (99.95) to a customer called Nathan in the UK. The order dates to February 2002.
- Order details for the same item as above to a customer called Sergio in the UK. Other items include Robotech boxsets but MACROSS is not used in the title. The order dates to May 2002.
- Order details for a Macross DVD Complete set (249.99) to a customer called Adbul-Samad in the UK. The order dates to July 2002.
- A further 6 orders to customers in the UK from 2002 for a Macross cap (1), Macross DVD mini set (1), Macross poseable set (2), Robotech: Macross Saga Complete collection (1).
- A further 4 orders from 2003 to customers in the UK for a Robotech: Macross Saga 2 novel set (1), Robotech: Macross Saga Complete collection (2), and a Macross cap (1).
- A further 5 orders from 2004 to customers in the UK for Robotech: Macross Saga Complete DVD collection (1), Robotech: Macross Saga (Vol 2 comic

adaption) (1), Macross DVD Complete Set (1), MACROSS Do You Remember Love poseable set (1), and a Macross Cap (1).

- A further 2 orders from 2005 to customers in the UK for Robotech: Macross Saga Complete DVD collection (1), and a MACROSS - the complete remastered series DVD Set 1 (1).
- An order from 2006 to a customer in the UK in respect of a MACROSS action figure.
- A further 4 orders from 2010 to customers in the UK for a ROBOTECH: The Macross Saga RPG Sourcebook (1), Macross Action figures (4) and a Revoltech Macross VF-1S (1).
- Two further orders from 2011 to customers in the UK for a Macross Sweatshirt (1) and a Macross DVD Old School set (1).

9. Mr Duran refers to the above orders as a “selection” and that they are “representative”. However, and as highlighted by Mr Alkin at the hearing, Mr Duran does not say what they represent. He does not say, for example, what the total sales were in the UK for any period of time in relation to any of the goods sold.

10. Mr Duran then refers to Exhibit CD3 which contain contracts between Harmony and a number of other companies which permit (license) those other companies to use the mark in the UK. At Exhibit CD4 he provides a table of the licensees together with other information including what he describes as:

“minimum guarantee royalty figures the entities paid to the opponent and being reflective of sales made of MACROSS merchandise”

11. There are a number of problems with this evidence. First, as highlighted by Mr Alkin, this is not evidence of any sales, but evidence of guaranteed payments to be made to the opponent for giving the license. Second, of the 7 entries in the table, only two appear to relate to MACROSS. Third, although the licensed territory is referred to as the UK, further information shows that the licence extended to other

territories (some include the US, Canada and “EU Countries”). I additionally note that in exhibit CD3 there are some examples of use by one of the licensees, Palladium Books, mainly by way of books being sold on amazon.co.uk which have MACROSS in their titles, namely:

- Robotech visual archive: Macross saga. However, the print suggests that this was placed on amazon.co.uk on 19 December 2017, after the relevant period and relevant date.
- Robotech: The Macross Saga Sourcebook. However, this appears to be a Kindle (a well known e-book) version published on 8 June 2017, one day before the end of the relevant period, but after the relevant date.
- Robotech Macross saga sourcebook, which seems to have been added to amazon.co.uk in May 2013, however, the listing provided is for a used book. There are six reviews for the book, albeit these come from amazon.com not amazon.co.uk.
- Robotech Macross Saga DVD, which, although placed on amazon.co.uk (on an unspecified date), is for a used import DVD. There are over 50 reviews but, again, from amazon.com.

12. Mr Duran states that MACROSS has been advertised extensively. He focuses on the attendance of Harmony at the MCM London Comic Con and the London Film and Comic Con during the relevant (proof of use) period. Whilst he provides information about these events (which show they are well attended events in the field of comics and popular culture) he does not provide any examples of Harmony’s promotion of MACROSS at such events. What is provided (in Exhibit CD9) is an announcement on the website for the London Film and Comic Con that the Creative Director (Tommy Yune) of Harmony will be attending the convention, but whilst Robotech is mentioned, Macross is not. There is also an article from July 2017 (after the relevant period and relevant date) from an unspecified source where, at a panel discussion, Tommy Yune made an announcement regarding the new writer for the comics, but again, Macross is not mentioned. There is a depiction of what appears to



be a stand below the text of the article, but it is not clear whose stand this is, and, in any event, Macross is not mentioned.

13. Ms Duran mentions the sale of Macross products elsewhere, but this is not pertinent to genuine use or goodwill in the UK, so I say no more about it.

14. Another example said by Mr Duran to show the MACROSS name being known in the UK is via publicity for a forthcoming MACROSS comic in 2017. Exhibit CD7 contains an article from NERDIST.COM dated 11 May 2017 which signals the return of the Robotech series of comics. It states that back in the 80s three separate anime series from Japan were combined into the epic Robotech, the most popular being the Macross saga. It adds that although this [the Macross saga] has been retold many times, this time the Macross era will be revisited with new stories. Exhibit CD8 contains an article from what appears to be a website called Nerdly – the article depicts a large comic book cover featuring the word ROBOTTECH. In a long article about this new comic, reference is made to taking the story “back to Macross Island”. It is not clear exactly when this article was published.

15. A number of other witness statements were provided by Harmony. I note the following evidence from:

- Mr Simon Furman, a writer for comic books and animation, who recalls MACROSS from the early 80s when he purchased Robotech: The Macross Saga. He subsequently purchased Robotech Art 1 which explained the history behind the show and how 3 Japanese anime series were brought together to form Robotech. He states that he is familiar with the name in use in relation to film, video, DVD and other merchandise. He states he is a fan and enthusiast and has only ever known MACROSS to be a product and trade mark of Harmony.
- Chris Tether, a director at Titan Publishing Group, who now have a licence from Harmony. He became aware of Macross in the 80s and 90s via a VHS video from Harmony. As a result of his love for this, he (and his company)

were keen to acquire the rights to publish MACROSS comics. He says Titan has been publishing the comics since 2017 in the UK (and other countries including the US). He only associates the name with Harmony in the UK.

### **Genuine use – the law and my findings**

16. Section 6A of the Act is as follows:

“6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where-

- (a) an application for registration of a trade mark has been published,
- (b) there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and
- (c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier mark unless the use conditions are met.

(3) The use conditions are met if-

- (a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) the earlier trade mark has not been used, but there are proper reasons for non-use.

(4) .....

(5) .....

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

17. The onus to show use is on the owner of the earlier mark, Harmony. Section 100 of the Act reads:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

18. The case-law on genuine use was summarised by Arnold J in *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) (28 June 2018):

“114. The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 *P Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I- 4237, Case C-442/07 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C- 149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 *P Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C- 141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]- [51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the

mark: Ansul at [37]-[38]; Verein at [14]; Silberquelle at [18]; Centrotherm at [71]; Reber at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: Ansul at [38] and [39]; La Mer at [22]-[23]; Sunrider at [70]-[71], [76]; Leno at [29]-[30], [56]; Centrotherm at [72]-[76]; Reber at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule: Ansul at [39]; La Mer at [21], [24] and [25]; Sunrider at [72] and [76]-[77]; Leno at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: Reber at [32].”

19. Before assessing the merits, I remind myself of the comments of Mr Daniel Alexander, Q.C., sitting as the Appointed Person in *Awareness Limited v Plymouth City Council* (Case BL O/230/13), where he stated that:

“22. The burden lies on the registered proprietor to prove use [...]. However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

20. To be relevant for the proof of use assessment, any use must fall within the specification of Harmony’s registered mark, which reads:

Class 16: Comic books, novellas and role-playing books; instruction sheets for the construction of toy action figures; newspapers, periodicals, magazines; manuals; revues; books; posters; agendas; albums; almanacs; announcement sheets; articles for binding; playing cards.

Class 25: Articles of clothing, footwear and headgear; socks, footwear, shirts, sweatshirts, pajamas, warm-up suits, coats, shorts, gym shorts, dresses, clothing belts, bandannas, sweaters, gloves, ear muffs, neckwear, skiwear, slacks, sun visors, suspenders, turtlenecks, vests, headwear, bathrobes, beachwear.

21. The relevant period in which genuine use is required to be shown is 10 June 2012 to 9 June 2017. In terms of documentary evidence, there is very little within the relevant period. Two customers purchased 4 volumes of the Robotech: The Macross Saga comic adaption, in August and October 2012 respectively, one of those customers also ordered 2 Macross Saga t-shirts, and another customer purchased

the sourcebook in 2013. The item for sale on amazon on the day before the end of the relevant period does not assist because it was for an e-book (which does not fall within the specification). Ms Chantrielle also sought to rely on the licence agreements and Mr Duran's table of guaranteed royalties, however, I agree with Mr Alkin's view that it is not safe to rely on such evidence in circumstances where there is so little evidence of actual trade, particularly bearing in mind the observations I have already made about that evidence. In relation to the sales orders that were shown, Mr Alkin submitted that irrespective of the suggestion that they were representative, without knowing how many total sales were made, they should be taken as the maximum sales made; I agree, or at least I agree that I should not infer that a materially greater level of sales have been made.

22. Mr Alkin made further submissions about the absence of any evidence showing the nature of Harmony's website, from which the UK sales were made. Ms Chantrielle submitted that this did not matter because sales to customers in the UK had been made. However, I agree with Mr Alkin given that one of the fundamental requirements to consider is whether the use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods in question. The market is the UK market for the goods. The initial orders were initially reported in \$s. Although the subsequent sales were listed with no currency, it would be wrong, absent evidence, to assume that that these were billed in £s. This, together with sales which on any view are extremely low, suggests to me that the sales were made by Bigwest via an ostensibly US orientated website (or, at least, there is no evidence showing that the sales were made via a website ostensibly aimed at the UK market). There is nothing to suggest that Bigwest were actively attempting to create or maintain sales in the UK. In *Abanka DD v Abanca Corporacion Bancaria SA* [2017] EWHC 2428 (Ch), Mr Alexander QC said this at [103]:

“Put colloquially, a proprietor should be treated as having used a mark in the UK if it has, itself "pushed" its business and mark into the UK, not if it has been "pulled" into the UK by (for example) its customers abroad, even though they may be based in the UK. That is the upshot of the case law on "direction" or "targeting" of a web-site to the UK cited above (see the summary of CJEU

case-law in *Stichting DBO*). Quite what constitutes enough push of goods, services or advertising for them to the UK is not always easy to determine, especially in cases where a proprietor may be, in effect, a "pulled-pusher" in that, without having taken any active steps to develop the market in the UK, it nonetheless takes business from consumers based in the UK."

23. Bigwest's position is not assisted by the amazon.co.uk listing for a second-hand book. Nor is it assisted by its attendance at the conventions because no evidence of MACROSS being used as a trade mark is provided. In relation to the Nerdist and Nerdy articles, again, there is no use of MACROSS as a trade mark. Nor do I consider the evidence from Mr Furman and Tether to assist. Whilst they are clearly aware of the name MACROSS, their actual objective evidence about use is vanishingly small. It takes matters no further forward.

24. I come to the very clear finding that Bigwest has failed to establish genuine use of its mark in the UK, both in terms of scale and nature. The consequence of this is that it cannot rely upon its earlier mark with the further consequence that the grounds of opposition under sections 5(2)(a) and 5(3) are dismissed. This also means that I do not need to make an assessment in relation to reputation, although I think it clear from what I have said about the evidence (although I accept that reputation is more of a knowledge threshold test) that the hurdle would not have been cleared.

### **Goodwill – law and findings**

25. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where the Court stated:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start."



26. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

27. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA)

28. I am mindful that the tests relevant to the existence of goodwill and genuine use differ, but I also note what Mr Alexander further observed in *Abanka*: “there is no fundamental problem in using these areas of law [passing-off and genuine use] to some degree as a cross-check on each other, given that they are serving broadly similar purposes” since, in *Starbucks*, Lord Neuberger had said:

"57. Indirect support for this approach is also to be found in decisions of the Court of Justice of the European Union, which has emphasised in a number of decisions the need for "genuine use" of a mark, namely "to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services", and that this means "real commercial exploitation of the mark in the course of trade, particularly the usages regarded as warranted in the economic sector concerned as a means of maintaining or creating market share for the goods or services protected by the mark" – to quote from *Leno Merken BV v Hagelkruis Beheer BV* (Case C-149/11) EU:C:2012:816, para 29. Further, it is relevant to note that the CJEU has also held that "the mere fact that a website [advertising or selling the product or service concerned] is accessible from the territory covered by the trade mark is not a sufficient basis for concluding that the offers for sale displayed there are targeted at consumers in that territory" – *L'Oreal SA v eBay International AG* (Case C-324/09) EU:C:2011:474 [2011] ECR I-6011, para 64."

29. Harmony’s original pleading was based on goodwill existing in relation to the goods corresponding to those for which its earlier mark was registered. Ms Chantrielle sought to extend that claim, without any real objection from Mr Alkin, to include films, toys and games, which she said was borne out by the evidence filed. I allowed that amendment, so it is in that context that I consider the question of goodwill.

30. Whilst the amendment permits consideration in relation to the sale of some other goods (DVDs and figures), the sales are still extraordinarily thin. Of course, the assessment of goodwill is not limited to the five-year proof of use period, so the sales from previous years may also be taken into account. However, even then, and whilst

accepting that sales do go back some time, there are only a handful a year for very low volume sales. The nature of sales is also important. I have already highlighted that without seeing the website from which the sales were made, it is difficult to find that Bigwest can really be said to have a UK business. Again, it seems to me that the business is a US one, with a handful of sales per year slipping over to the UK. This in my view does not create a protectable goodwill in the UK. If it is a UK goodwill, it is a trivial one. My finding is that Harmony have failed to establish a protectable goodwill in the UK with the consequence that its ground under section 5(4)(a) is dismissed.

31. Given the factual findings made in the preceding paragraphs, the grounds under sections 5(2)(a), 5(3) and 5(4)(a) all fail. That leaves the ground under section 3(6) to which I now turn.

### **Section 3(6) - Bad faith**

32. Section 3(6) of the Act provides for the refusal of a trade mark "...if or to the extent that the application is made in bad faith". There is no real dispute as to the relevant law, a summary of which was provided by Arnold J in the *Red Bull*<sup>2</sup> case, as follows:

"130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

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<sup>2</sup> *Red Bull GmbH v Sun Mark Ltd & Anr* [2013] ETMR 53

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C- 456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)".

33. It is clear from the above that the relevant date at which to assess matters is the date of filing of the contested mark, namely 2 June 2017. Any findings on bad faith will depend on the factual position at this point in time, and, importantly, what Bigwest knew about it. This includes the background to the production of the original series and the various agreements which exist about its exploitation. Mr Duran gives evidence about all this, as does Mr Ohnishi, the president of Bigwest.

34. In terms of the creation of the original series, and whilst the parties do not completely agree on the exact roles played, it is common ground that three companies were involved:

- i) Studio Nue
- ii) Bigwest
- iii) Tatsunoko

35. Looking at the respective chronologies provided by the two primary witnesses, together with information from a number of Japanese court cases, and putting matters at its simplest, the ideas and concepts for the original series together with the underlying character designs came from Studio Nue. Bigwest then worked with Studio Nue to get the television program produced and to make contacts with various toy makers<sup>3</sup> to exploit the characters etc. Mr Ohnishi actually came up with the name MACROSS, before that time the series had an alternate working title. Tatsunoko was responsible for creating the actual animated series itself and, from the findings of the various court cases, they are the owners of the copyright in

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<sup>3</sup> There are witness statement from a number of them which illustrate this.

relation to the series. In his second witness statement Mr Duran accepted the position as:

“...the Japanese copyright in “Macross” is effectively split, with Tatsunoko owning the copyright in the television series, including the storyline, and Bigwest owning the original animated characters”

36. The original series was called Super Dimension Fortress Macross (I will refer to this as the “original series”). Thirty-six episodes aired between 1982 and 1983. Various agreements are set out in the evidence of Mr Duran, which are also referred to by Mr Ohnishi. I summarise these below:

#### The “1982 memorandum”

37. The three parties identified above entered into a memorandum in October 1982 which sets out various splits of profits between them in respect of the commercialisation of certain aspects of the original series and, also, which party is “in charge as the point of contact”. Such aspects include commercialisation (Bigwest is in charge), publications (Tatsunoko is in charge), music (Tatsunoko is in charge) and repeat program sales in Japan (Bigwest is in charge). In relation to the position overseas, clause 5 states:

“In connection with overseas program sales and general commercialization rights overseas [Tatsunoko] shall have these rights, and the profits arising therefrom shall completely belong to [Tatsunoko]”

#### The “1984 Agreement”

38. In September 1984, Tatsunoko entered into an exclusive license agreement with Harmony<sup>4</sup> to exploit the original series, referred to as MACROSS in the agreement itself. The agreement also covered two further animated series: MOSPEADA and THE SOUTHERN CROSS. Such exploitation rights were identified as “including

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<sup>4</sup> More accurately its predecessor in title, but nothing turns on this.

television broadcasting, merchandise exploitation, theatrical and non-theatrical exploitation, video and sound recording devices and publications". The territories were the US and Canada and other English (and non-English) speaking territories. The agreement positively excludes Asian territories, including Japan. The licence was for a period of seven years, renewable subject to further agreement.

39. Tatsunoko identified itself in the agreement as the worldwide copyright owner of the original series and the lawful representative to exercise merchandising rights within the territories of the license (save for one exception in relation to toy models made by two Japanese companies) and granted to Harmony various rights including the right to adapt the series to meet local marketing requirements (such as language translation). The agreement also allowed Harmony to register its licence in trade mark registers etc. in order to protect its rights. Mr Alkin highlighted clause 5 of this agreement, which indicates that during the period of the agreement Tatsunoko and Harmony would jointly own the copyright in the original series and that:

"All trademarks utilized by the licensee in connection with the exercise of its rights under this agreement, other than the existing titles of the underlying series, shall belong jointly to [Tatsunoko and Harmony] and utilization of such trademarks shall be automatically renewed at the termination of this agreement for a reasonable length of period mutually agreed upon unless such termination is due to default on the part of the licensee. With respect to any materials created by the licensee, copyright and all other rights shall also belong jointly to [Tatsunoko and Harmony]"

#### The "1984" Memorandum

40. In December 1984, a further memorandum was entered into by Bigwest and Tatsunoko. This effectively supplemented the 1982 Memorandum and it appears that this was required due to the production of a film version based upon part of the original series (the film was called "Macross: Do You Remember Love"). I note the following:



- Bigwest has the overseas program sales rights for the movie version (Article 1(2))
- Tatsunoko has the overseas commercialization rights for the movie version (Article 2)
- But Bigwest would have the overseas commercialisation rights in respect of video and games software (Article 2).

### The “1991 Agreement”

41. In March 1991, Tatsunoko and Harmony entered into a further agreement, by which time the 1984 agreement was coming to end. Although the time period differs in that it covers 10 years instead of 7, and that the territory is simply identified as “Worldwide” save for Japan and Asia, the agreement, in substance, is similar to the 1984 agreement. It relates to the exploitation of the original MACROSS series (and also MOSPEADA and THE SOUTHERN CROSS). It carries similar clauses relating to joint ownership of trade marks utilised for the exercise of the rights under the agreement. The front cover of the agreement is headed ROBOTECH which from the evidence as a whole is the name given by Harmony to its repurposed production which contains MACROSS, MOSPEADA and THE SOUTHERN CROSS.

### The “1998 Amendment”

42. This amends the above agreement between Tatsunoko and Harmony. It has a number of notable impacts. First, it extends the period of the agreement such that it was to expire in March 2011, with the option to extend to 2021. Both parties accept that the agreement was subsequently extended until 2021. The amendment includes the following text:

“Notwithstanding anything to the contrary in the Main Agreement, all trademarks, copyrights and other rights in any materials created or utilized by [Harmony] in connection with the exercise of its rights under the Main Agreement, including, but not limited to, the right to the name ROBOTECH, shall be exclusively owned and controlled throughout the universe in perpetuity by [Harmony]. Notwithstanding the foregoing [Harmony] shall not

have the right to make a sequel to “Macross”, “Mospeada” or “The Southern Cross””

43. The question remains as to whether Bigwest’s conduct in filing its application for the mark MACROSS for the various services in class 41 constituted an act of bad faith. Ms Chanterelle’s main arguments were that:

- Whilst Bigwest have the rights to the name MACROSS in Japan, Tatsunoko have such rights elsewhere, rights which were licensed to Harmony.
- Bigwest have asked Harmony to enforce its rights in MACROSS – this stems from a letter (not exhibited) mentioned by Mr Duran in his witness statement in which Tatsunoko informed Harmony that “Bigwest is demanding that [Harmony] take...aggressive rights infringement enforcement against this Argentinian live-action series”.
- That Bigwest were aware of Harmony’s trade mark rights and that Harmony had been successfully trading in the UK with a substantial goodwill and reputation. Bigwest has never done anything to prevent such trading.
- There is no evidence of any rights owned by Bigwest outside of Japan.
- That the filing was an attempt to encroach on the rights of Harmony with no evidence to explain such encroachment.

44. Mr Alkin’s main arguments were based on the fact that the various agreements relate to the exploitation of the original series, not the name MACROSS per se. He highlighted that whilst Tatsunoko may own the copyright in the original series itself, it did not own all the copyright. For example, Tatsunoko did not own the copyright in the original characters. He highlighted, for example, that the agreement gave no rights to the creation of sequels, and, further that Bigwest does in fact own some rights outside Japan even on the basis of the agreements that have been reached (for example, in the overseas program sales of the film version).

45. My thinking is more aligned with that of Mr Alkin than that of Ms Chantrielle. I agree that the whole context of the memorandums and, by extension, the agreements between Tatsunoko and Harmony, relate to the original 36 episode series. They provide for the exploitation of that series (which according to the agreement includes the right to adapt it), and such rights alone. Neither the memorandums nor the agreements provide any right to the MACROSS name per se. I accept that when exploiting the rights in the original series the party doing so may well seek to use the name MACROSS (the job of exploitation would become difficult if it did not), but it does not follow that another party, particularly one involved in the original production, is then fettered from further forms of exploitation itself. This is aptly demonstrated by the fact the overseas program sales rights for the movie version rest with Bigwest not Tatsunoko. This shows that alternate arrangements between the companies involved in the creation of the original series could come to be with regard to future series or future films.

46. Bigwest would clearly have been aware of the Japanese court cases in which Tatsunoko were held to own the copyright in the original series, but this in my view is a red herring given that Bigwest and/or Studio Nue own (and is accepted by Harmony to own) the copyright in the original characters. Bigwest would also have known of Harmony's efforts to exploit the original series and its consequent use of MACROSS, however, this is also a red herring for two reasons: i) any such use, as I have already held, is extremely limited in the UK and, ii) such use is in accordance with the memorandum and agreement and thus relates to the exploitation (including adaption) of the original series only. That Bigwest may have asked Harmony to take action against a business in Argentina is in my view neither here nor there.

47. Ms Chantrielle submitted that Bigwest is encroaching on Harmony's rights and there is nothing to explain why they are doing so. I accept that it would have been better for Bigwest to have provided a fuller explanation as to why the mark was filed, but in my view there is nothing that gets off the ground to demonstrate that Bigwest's conduct was aimed at interfering with Harmony's business in the UK, if indeed it can be regarded as having any real business in the UK. I also note that in *Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch); [2009] RPC 9, Arnold J. stated

“... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis 18 explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.”

48. I am satisfied that this applies here. The application strikes me as a prudent one bearing in mind Bigwest’s original and ongoing role in the relevant matters. Even if Bigwest had known about Harmony or Tatsunoko’s commercial exploitation of the MACROSS name in the UK, or the potential for such exploitation, the prevention of such use was not, on the facts before me, the sole purpose of the trade mark application (as similar scenario was painted in the *Lindt* case (C-529/07) [PARAGRAPH 44]). Rather, as the owner of the copyright in relation to certain MACROSS characters and with the overseas program sales in the film version of MACROSS, Bigwest had its own legitimate interests in the name. The trade mark application therefore had a legitimate objective. Harmony has therefore failed to satisfy me that Bigwest’s intentions and motivations were designed within something in mind that would be viewed by reasonable and experienced people in the trade as falling below the standards of acceptable commercial behaviour. The opposition under section 3(6) fails.

## **OUTCOME**

49. All grounds having failed, the applied for mark may, subject to appeal, proceed to registration.

## **COSTS**

50. The applicant has been successful and is entitled to a contribution towards its costs. Awards of costs in proceedings commenced on or after 1 July 2016 are governed by Tribunal Practice Notice (TPN) 2/2016. My assessment is as follows:

*Preparing a statement and considering the other side's statement - £400*

*Filing and considering evidence - £1200*

*Preparing for an attending the hearing - £800*

***Total: £2400***

51. I therefore order Harmony Gold USA, Inc, to pay Kabushiki Kaisha Bigwest (Also trading As Bigwest Co Ltd) the sum of £2400. The above sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

**Dated this 25<sup>th</sup> day of January 2019**

**Oliver Morris**

**For the Registrar,**

**The Comptroller-General**