

## **TRADE MARKS ACT 1994**

**IN THE MATTER of Trade Mark No 2024829  
in the name of Blarney Spring Water (UK) Ltd**

**and**

**IN THE MATTER OF an application for invalidity  
No 12152 by Irish Water Resources Ltd**

### **Background**

1. On 22 June 1995, Blarney Spring Water (UK) Ltd applied under the Trade Marks Act 1994 to register the trade mark BLARNEY for a specification of goods which reads:

Class 32:

Mineral and aerated waters; non-alcoholic beverages; tonic water; flavoured waters; flavourings or syrups for any of the aforesaid.

2. The application was accepted, and published. Opposition proceedings were launched but subsequently deemed withdrawn and the application proceeded to registration.

3. On 19 December 2000, Irish Water Resources Limited filed an application seeking a declaration that the registration be declared invalid. Application was made on Form TM26(I) and was accompanied by the required fee and a statement of case. Following amendment, the application is based on a single ground of invalidity. This can be summarised as follows:

under section 47(1) of the Trade Marks Act 1994 in that the trade mark was applied for on 22 June 1995 in the name of Blarney Spring Water (UK) Limited but that the registered proprietor was incorporated as a private limited company under that name on 24 October 1995. Thus, the application was made in the name of a private limited company and/or legal entity which at the time of making the application did not exist. In consequence thereof, the trade mark was registered in breach of section 3(6) of the Act in that the application was made in bad faith as the registered proprietor had no bona fide intention to use the mark at the time when the application was filed.

4. The registered proprietors filed a counterstatement admitting that the application was filed on 22 June 1995 in the name of Blarney Spring Water (UK) Limited and admitting that Blarney Spring Water (UK) Limited was incorporated on 24 October 1995 under company registration number 3117699 but denying the ground of invalidity. The proceedings came to be heard before me on 26 February 2002. The applicants were represented by Mr Symonds of Mathys & Squire and the registered proprietors were represented by Mr Axe of Williams Powell & Associates.

## Evidence

5. Both parties filed evidence in the proceedings. However, this case does not in my view turn on the evidence. The central fact in this case is not in dispute. It is accepted that the application was filed in the name of Blarney Spring Water (UK) Limited on 22 June 1995 and that this company was not registered until 24 October 1995. The issue in dispute is whether this sequence of events leaves the registration open to a declaration of invalidity under section 3(6) of the Act. Little of the evidence is directed to this question. There are various points raised concerning the opposition proceedings between the registered proprietors and a company by the name of Irish Water Resources Limited, not it seems the same Irish Water Resources Limited who are applicants in these proceedings, although this is not entirely clear. However, I do not believe that any history between that the parties has a bearing on the outcome of these proceedings.

6. The opponents' evidence consists of a witness statement dated 3 May 2001 by Margaret Jane Arnott, a trade mark attorney with Mathys & Squire. Ms Arnott's statement does not go to any of the issues in dispute.

7. The applicants' evidence consists of a witness statement dated 11 June 2001 by John Sullivan a Director of Blarney Spring Water (UK) Limited. He attaches as an exhibit JSO1, his statutory declaration of 24 February 1997 filed in the opposition proceedings referred to above. He specifically refers to paragraphs 17 and 18 of that declaration in which he sets out the history of the filing of the application in suit. It states:

“17. I agree that when the present application was filed at the U.K. Trade Marks Registry I instructed that this be done in the name of Blarney Spring Water (UK) Limited, a company not at that date (22<sup>nd</sup> June 1995) incorporated. My company was incorporated on 24<sup>th</sup> October 1995. My instructions were given in ignorance of the fact that it was wrong to designate as applicant a company not yet incorporated. I had already decided to incorporate a company under that name and knew that incorporation would be accomplished before the mark reached registration. I could have applied in my personal name and/or that of my co-director, Valerie Sullivan, but not being aware of the procedure under the Act I thought it would be simpler to apply in the name of the company and that this would save the trouble of assigning the rights later.

18. The application was filed in all good faith, and of course, I and Mrs Sullivan (my wife) own and control the company outright between us. The mark was not at that time in use in the U.K. and had no reputation in this country of which I was aware, and I, through my company, genuinely intended, and still intend, to use the mark.....”

8. In his witness statement, Mr Sullivan states that it was his great eagerness to use the mark that led to his filing the application precipitately in the name of his present company. Mr Sullivan goes on to make legal submissions concerning the meaning of bad faith under the Act. He also refers to the history of the opposition proceedings and refers to the evidence filed by the opponents in that case and to discrepancies within their evidence. As stated before, it seems to me that the opposition proceedings, their outcome and the conduct of the

parties during those proceedings are not relevant to the case before me.

9. The opponents' evidence in reply consists of a witness statement by Mr Norman W. MacLachlan and is dated 26 July 2001. He makes various comments in response to the assertions of Mr Sullivan concerning the opposition proceedings and again I need not summarise these.

10. That concludes my review of the evidence

### **Decision**

11. The ground of invalidity set out in the applicants' statements of grounds refers to section 47(1) by reference to section 3(6) of the Trade Marks Act 1994. The relevant provisions read as follows:

“47.- (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

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

12. During the hearing reference was also made to section 32 of the Act. This reads:

“32.-(1) An application for registration of a trade mark shall be made to the registrar.

(2) The application shall contain-

- (a) a request for registration of a trade mark,
- (b) the name and address of the applicant,
- (c) a statement of the goods or services in relation to which it is sought to register the trade mark, and
- (d) a representation of the trade mark.

(3) The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used.

(4) The application shall be subject to the payment of the application fee and such class fees as may be appropriate.”

13. It is not in dispute that as at the date of application, the name entered on the Form TM3 as applicant was not a legal entity. The applicants for invalidity contend that as such, the application was made in bad faith as the registered proprietor could not have had the necessary bona fide intention to use the mark at the time when the application was filed. This is their primary submission. However, in their skeleton argument at paragraph 14, they raise what is in my view a more fundamental question concerning the entire validity of the registration. After dealing with the question of whether the retrospective creation of the legal entity Blarney Spring Waters (UK) Limited could have an effect on the ground under section 3(6), the applicants contend:

“...Indeed, bearing in mind that the date of registration is, for the purposes of the Act, the date of application (section 40(3)), it may be that there is no actual proprietor at all, and the register entry is a fiction. If the application for registration had no applicant in existence at the date of filing, it could not have acquired one before the date of registration under section 40.”

14. This argument was not found in the applicants’ pleadings, it is in effect that as there was no applicant at the date of application, the entire registration is a nullity and has never existed in law. If that were so, then these invalidity proceedings would also be a nullity. Although this matter was not pleaded, I did hear submissions on this point and I will give my views after considering the applicants ground of opposition under section 3(6).

15. The requirements of section 32(2)(b) require that the application shall contain the name and address of the applicant. The Form TM3 filed on 22 June 1995 contained the name, Blarney Spring Water (UK) Limited. The applicants for invalidity contend that as this company did not exist, the requirement of section 32(3) could not be fulfilled. This requires that the application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a *bona fide* intention that it should be so used. The applicants for invalidity’s case is that because as at the date of application Blarney Spring Water (UK) Limited did not exist, it could not have had the necessary *bona fide* intention that the trade mark should be used. As such, the application was made in bad faith, and the registration should be declared invalid.

16. As noted above, there is no dispute between the parties as to the facts in this case. The registered proprietors’ position is very simple. They submit that the application in the name of a company that did not exist was a mistake that has harmed nobody. In their view, in making such a mistake, the registered proprietors cannot be said to have been acting in bad faith. They suggest that the application could have been made in the name of Mr John Sullivan who they contend did and through his company still does have the necessary intention to use. If they had done so, Mr Sullivan could then have assigned the mark later. Of course, that is true but the fact is that the application was not made in Mr Sullivan’s name.

17. Mr Symonds subjected this argument to close analysis. In his view, I can only take account of the intention of the registered proprietors and any intention of Mr Sullivan must be

disregarded. He argues that Mr Sullivan's intention is not that of the Blarney Spring Water (UK) Limited. At the time the application was filed he was not and could not have been an officer or shareholder of the company - he could not be an agent for a non-existent entity and neither could the trade mark agents who filed the application. Mr Symonds referred to the case of *Salomon v. Salomon* [1897] AC 22 for the proposition that a company incorporated under the Companies Act is an artificial person, separate from its members. I accept these propositions. Mr Sullivan was and indeed is not Blarney Spring Water (UK) Limited. As at the date of application, I cannot in my view, project Mr Sullivan's intentions onto a company which had not been formed. Further, I accept Mr Symonds comment that as at the date of application, whilst Mr Sullivan may have intended to form such a company, he had no way of knowing whether an application to the register the name he had chosen would or would not be successful but I do not believe that anything turns on this last point.

18. Reference was made to a number of decision, including the decision of Mr Justice Lindsay in *Gromax Plasticulture v. Don & Low Nonwovens* [1999] R.P.C. 367. The relevant passage is cited in decision of Mr Geoffrey Hobbs Q.C., in *Demon Ale Trade Mark* [2000] RPC 345, where he stated:

“I do not think that section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v. Philip Tan* [1995] 2 A.C. 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] R.P.C. 367 Lindsay J. said (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.”

These observations recognise that the expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant. Quite how far the concept of "bad faith" can or should be taken consistently with its Community origins in Article 3(2)(d) of the Directive is a matter upon which the guidance of the European Court of Justice seems likely to be required: *Road Tech Computer Systems Ltd v. Unison Software (U.K.) Ltd* [1996] F.S.R. 805 at pages 817, 818 *per* Robert Walker J.

In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that DEMON ALE should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6)".

19. During the hearing reference was also made to the decision of Mr Hobbs, Q.C., sitting as the Appointed Person in *FSS Trade Mark* [2001] R.P.C. 763. I also referred the parties to the decision of Mr Simon Thorley, Q.C., sitting as the Appointed Person in *Eicher Limited Royal Enfield Motor Units v. David Matthew Scott Holder T/A Velocette Motorcycle Co* (SRIS O/363/01) where, commenting on an allegation of bad faith, he stated:

"31. An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v. Associated Newspapers* (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1878) 7 Ch. D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference. Further I do not believe that it is right that an attack based upon section 3(6) should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all."

20. Mr Axe contends that I must have regard to Justice Lindsay's advice and judge the matter with regard to the standards of acceptable commercial behaviour observed by reasonable and experienced men **in the particular area being examined**. He referred me to the conduct of the applicants for invalidity during the opposition and invalidity proceedings and suggested that this showed the standards of acceptable commercial behaviour in this field. I need only say here that I make no comment as to whether the conduct of either party in these proceedings could be deemed reasonable. Even if the registered proprietors were able to show some questionable conduct on behalf of the applicants for invalidity, I do not see how that would prevent me from finding that the mark had been applied for in bad faith. Further, there is nothing here that would lead to me to believe that the conduct of the parties in these proceedings reflects the standards of commercial behaviour in the field of mineral water suppliers at large. It seems to me that I must judge the matter with regard to ordinary standards of commercial behaviour; there is nothing unusual about those who supply mineral water.

21. Mr Axe argued that the case law indicated that bad faith was a serious allegation and one which required serious wrongdoing. In contrast, Mr Symonds argued that the failure to comply with the statutory requirement of section 32 was sufficient. In his view, reasonable and experienced men of business did not apply for trade marks in the name of companies that do not exist. If I accepted Mr Axe's submissions that there was a requirement for serious

wrongdoing, Mr Symonds referred me to section 34 of the Companies Act 1985 which states:

34. If any person trades or carries on business under a name or title of which “limited”, ...is the last word the person, unless duly incorporated with limited liability, is liable to a fine....”

22. He also referred to section 94 of the Trade Marks Act 1994:

“94(1) It is an offence for a person to make, or cause to be made, a false entry in the register of trade marks, knowing or having reason to believe that it is false.”

23. He argued that in applying for a mark in the name of a limited company that was not duly incorporated, the registered proprietors had committed an offence under the Companies Act, as applying for a trade mark was part and parcel of a trading activity. Members of the public would be deceived into thinking that they were dealing with a limited company. It also followed in his view that a false entry had been made on the register. Either or both were in his view sufficient for a finding of bad faith. He pointed out that in their counter-statement, the registered proprietors accepted that “*it was wrong to designate as applicant a company not yet incorporated*”. Mr Axe responded to these submissions but I find that I do not need to come to any view on these points. I should note however, that on the basis of the evidence before me, I find nothing underhand in the conduct of Mr Sullivan. There is no basis, on the evidence before me, for a finding that he filed the application in the name of Blarney Spring Water (UK) Limited with intention to mislead anyone. On the evidence, I accept that it was a mistake.

24. Mr Thorley in *Royal Enfield*, seems to equate an allegation under section 3(6) with an allegation of commercial fraud. On that basis, it would seem that a finding that Mr Sullivan made a mistake should not lead to a finding that the application was made in bad faith. And yet, Mr Hobbs, in *Demon Ale* indicated that in his view, the observations of Lord Nicholls in *Royal Brunei* provide strong support for the view that a finding of bad faith may be justified even in a case where the applicants sees nothing wrong in his own behaviour. Mr Hobbs goes further in stating that bad faith has moral overtones which appear to make it possible for an application for registration to be declared invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirements that is legally binding on the applicant. As such, he found bad faith as the applicant had failed to comply with a statutory requirement of section 32.

25. It seems to me that these two cases can be reconciled. An allegation that an application has been made in bad faith can cover a number of situations. They will range from those where the allegation is tantamount to commercial fraud or theft of the trade mark, to those situations where it is alleged that the applicants do not have a *bona fide* intention to use the mark in relation to all the goods or services for which registration is sought. The later situation does not it seems to me, equate with a finding of commercial fraud but a finding that the applicant could not claim to intend to use the mark for the goods or services within their specification. That may arise either inadvertently, deliberately or because of a misunderstanding. The end result must it seems to me be the same, that the application was made in bad faith.

26. I am drawn back to the finding in *Demon Ale*. Whilst the facts there were different, it seems to me that the underlying principle remains the same and relevant to the case before me. Adapting the words of Mr Hobbs, section 32(3) of the Act required the applicants to be a person who could truthfully claim to have a bona fide intention that BLARNEY should be used (by them or with their consent) as a trade mark for the goods in the specification. Their application for registration included a claim to that effect. The question I must answer is: Whether Blarney Spring Water (UK) Limited had such an intention? In my view, as they were not a legal entity at that date, they did not and could not have the necessary intention to use. As such, the application was made in bad faith. Accepting as I have that Mr Sullivan made a mistake, this may appear to be a harsh result. However, it seems to me that the requirements of the Act are plain and the failure to comply with section 32(3) results in the registration being open to a declaration of invalidity on the grounds of section 3(6).

27. The matter must in my view be judged as at the date of application and it seems to me that the fact that the name entered on the Form TM3 subsequently became a legal entity cannot correct that defect. There was no proprietor of the mark at the time the application was filed and the position cannot be cured retrospectively whilst retaining the filing date (even if it were in principle capable of correction at all); Nonogram Trade Mark [2001] RPC 355 at pages 362 to 363.

28. As I have found that the applicants have succeeded in their action I need not go on and consider their further point. However, as it raises a fundamental question concerning the inherent validity of the mark I consider I should state my initial view on the issue.

29. Section 2(1) of the Act reads

“2.-(1) A registered trade mark is a property right obtained by the registration of the trade mark under this Act and the proprietor of a registered trade mark has the rights and remedies provided by this Act.”

30. Section 22 of the Trade Marks Act 1994 states:

“22. A registered trade mark is personal property (in Scotland, incorporeal moveable property).”

31. Section 27(1) of the Act then goes on to state:

“27.(1) The provisions of section 22 to 26 (which relate to a registered trade mark as an object of property) apply, with the necessary modifications, in relation to an application for the registration of a trade mark as in relation to a registered trade mark”

32. These provisions taken together indicate that an application for a trade mark is personal property. These mirror the provisions found in the Regulation concerning the Community Trade Mark; Articles 16-24. A property right cannot exist in a vacuum. There must be an applicant or proprietor who can hold the property. If, in the case of a properly filed application or registration, the applicant or proprietor ceases to exist then the normal rules for the disposal of property apply. In this case, as at the date of application, the applicant named



on the Form TM3 did not exist. It seems to me that, as such, there was no applicant and so, it is hard to see how the application can have come into existence. If that line of reasoning is correct, then it may be that the registration is a nullity and void ab initio.

33. Further, it could be argued that one of the requirements for the filing of an application, section 32(2)(b) was not met. The application did not contain the name of an applicant. It is for an applicant to ensure that his application is in order when filed and complies with the requirements of section 32 of the Act. However, the Trade Marks Registry undertakes a formalities check to satisfy itself that a filing date can be accorded. If an application appears to be deficient in one or more respects the provisions of section 33 and rule 11 of The Trade Marks Rules 2000 come into play and the applicant is given a period of two months to remedy any deficiencies in the application. If necessary the date of filing will be amended to reflect the date on which documents containing the information required by section 32(2) are furnished to the registrar. The Registry does not at this initial stage look beneath the surface of the application. In this particular case, the name recorded in the relevant box on Form TM3 indicated that the applicant was a limited company. If that statement was correct then the application would have been in order. There was nothing on the Form TM3 as filed that would have led the Trade Marks Registry to be aware that the application had been filed in the name of a company that had not yet been incorporated.

34. Therefore, regardless of my finding under section 3(6), the true position may be that the application was deficient from the start and for practical purposes a nullity. However, as this ground was not specifically raised in the pleadings I decline to come to a settled view on the point.

#### Conclusions

**35. I find that the trade mark was registered in breach of section 3(6) of the Trade Marks Act 1994 and under section 47(1), and I declare that the registration is invalid. In accordance with section 47(6) the registration shall be deemed never to have been made.**

#### Costs

36. The applicants have been successful and are entitled to a contribution towards their costs. These proceedings were launched on 19 December 2000 and the scale of costs as set out in Annex A of the Tribunal Practice Notice TPN 2/2000 applies. I order that the registered proprietors pay the applicants the sum of £1500-00 as a contribution towards their costs. 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 23 day of April 2001**

**S P Rowan  
For the Registrar  
the Comptroller General**