

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2227020
BY LUCA CASALENA TO REGISTER A TRADE MARK
IN CLASSES 29 AND 30**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 51312
BY PAUL JONATHAN BENDIT**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2227020
by Luca Casalena to register a Trade Mark
in Classes 29 and 30**

AND

**IN THE MATTER OF Opposition thereto under No 51312
by Paul Jonathan Bendit**

DECISION

1. On 23 March 2000 Luca Casalena applied to register the following mark:



for the following specification of goods:

Class: 29

Meat extracts; preserved, dried and cooked fruits and vegetable; jellies, jams, fruit sauces; olives and olive oil.

Class: 30

Coffee; flour and preparations made from cereals, bread, pastry and confectionery; honey; baking powder; vinegar; sauces (condiments); spices.

2. I note that the applicant claims the colours green, white and red as an element of the mark.
3. The application is numbered 2227020.
4. On 17 August 2000 Paul Jonathan Bendit filed notice of opposition to this application. Mr Bendit is the applicant for a later filed mark incorporating the words EATALIA DIRECT and the device of a map of Italy. He is also a director of, and the sole shareholder in, Eatalia Direct Limited, registered company number 3588868. Under its trading name of Eatalia

Direct the opponent's company supplies Italian food and wine by mail order and also over the Internet via the website www.eataliadirect.com.

5. The opponent says he conceived the mark in or about April 1999 and it has been used continuously in the UK since about May 1999 in catalogues and advertisements and, since December 1999, on the opponent's website. Thus it is said that the use of the applicant's mark will constitute a misrepresentation and cause damage to the goodwill enjoyed by the opponent's business. Objection is, therefore, taken under Section 5(4)(a) of the Act.

6. Objection is also taken under Section 3(6) of the Act in that:

- (a) the applicant has no bona fide intention of using the mark in the United Kingdom in connection with the goods applied for; and/or
- (b) the applicant knew of the opponent's Mark at the date of the application in suit.

7. In relation to the above the opponent says:

“With regard to paragraph 4 above, agents for the Applicant have stated that he has no permanent United Kingdom residence, that he used the address formerly given for service in the United Kingdom “purely as a postbox”, and that the company whose address was formerly given for service has no interest in the application in suit.

Also with regard to paragraph 4 above, agents for the Applicant stated in a letter of 10 July that the Applicant had proceeded in April 1999 to set up his own web site with the address www.eatalia.it and that “through his web site (he) has built up a considerable customer base and reputation for the sale of food and beverages of Italian origin which he sells to customers worldwide”. Upon being referred by agents for the Opponent to information made available by the Italian Registration Authority, agents for the Applicant stated in a letter of 15 August that they were advised by the Applicant that (a) the www.eatalia.it web site was not in fact registered until the early part of 2000, and (b) “the reputation of the business in terms of the sale of food and beverage products may not yet be great”.”

8. Further grounds are said to arise under the provisions of Section 3(1)(b) and (c) and 3(3)(b) having regard to the nature of the mark applied for. These grounds were not pursued at the hearing and I need not make further reference to them.

9. The applicant filed a counterstatement denying the grounds of opposition. A number of counterclaims are made. The applicant says he had no knowledge of the opponent, his website, advertising campaign, catalogues or otherwise at the time of filing his application. He also says that:

“..... the Applicant maintains that since around April 1999, he and his business associates have been making serious and effective preparations to; a) protect the name EATALIA as a trading name, b) protect the trade mark EATALIA & Italy

device which is the subject of the application in suit, c) set up a web site incorporating the name EATALIA d) facilitate the operation of an on-line business promoting and selling food and beverage products under the name EATALIA and the trade mark EATALIA & Italy device which is the subject of the application in suit. Furthermore, it has always been the intention of the Applicant and his business associates to promote and extend their business to customers in the UK.”

10. Both sides ask for an award of costs in their favour.

11. Both sides filed evidence. The matter came to be heard on 28 August 2002 when the applicant was represented by Mrs V Townsend of Fry Heath & Spence and the opponent by Mr M Goodger of Mills & Reeve.

Opponent’s evidence

12. The opponent, Mr Bendit, has filed a statutory declaration. He describes the background to his company’s business as follows:

“EATALIA DIRECT is a trading name of Eatalia Direct Limited, which was incorporated as Mineral Water Services Limited in England and Wales on 22 June 1998. The company supplies Italian food and drink under the EATALIA DIRECT name predominantly by mail order and via the Internet from the web site www.eataliadirect.com (“the EATALIA DIRECT web site”). There is now produced and shown to me and exhibited herewith Exhibit PJB2. Exhibited at page 1 of Exhibit PJB2 is a representation of the logo under which the EATALIA DIRECT business is also provided (“the EATALIA DIRECT Mark”).

The EATALIA DIRECT business was launched in June 1999 with a half page advertisement in a magazine called “Living South” which, I understand, is distributed to approximately 65,000 households in South London. Exhibited at page 2 of Exhibit PJB2 is a copy of an A4 promotional flyer dated 13 May 1999 which was prepared and distributed on an individual basis by Eatalia Direct Limited to promote the EATALIA DIRECT business at the same time.

The EATALIA DIRECT name and EATALIA DIRECT Mark have been used by Eatalia Direct Limited for the supply of Italian food and drink continuously in the UK since May 1999 in or on catalogues, advertisements, brochures, packaging, flyers and a variety of other printed material.”

13. An example of the catalogue referred to above is exhibited at PJB3. The inside cover confirms that it is the Autumn/Winter 1999 catalogue. A wide range of Italian food and drink is advertised. Mr Bendit says it was distributed as an insert to approximately 60,000 subscribers of the BBC Good Food magazine and approximately 5000 readers of the Food & Travel magazine. It was also sent by post to approximately 1400 individuals on a newly acquired mailing list.

14. Mr Bendit says that he applied to register the www.eataliadirect.com domain name in August 1999. He also acquired the www.eataliadirect.co.uk domain name at the same time. Copies of extracts from the www.eataliadirect.com website are exhibited at PJB4.

15. The EATALIA DIRECT business is said to have received regular press coverage in a number of national food and drink magazines and publications. Reference is made in particular to editorial material in 'Women at Home' journal in the Summer of 1999 and a feature in the news section of Harpers Trade Journals (Wines & Spirits) in or around December 1999. It is said that Harpers is widely regarded as the industry journal.

16. In addition to the above, Exhibit PJB5 contains:

- page 1 - a reference to EATALIA DIRECT in the March 2000 edition of 'The Net' magazine as part of a buying food on the Net special;
- page 2 - an extract from the March 2000 edition of the BBC Good Food magazine. The magazine is said to have 60,000 subscribers with a further 300,000 copies sold from retail outlets;
- page 3 - a reference to EATALIA DIRECT in Nigella Lawson's feature page "Luxury Food Talk" in the April 2000 edition of Vogue magazine published in March 2000. This is said to have generated some 200 enquiries;
- pages 4 to 7 - examples of internet coverage.

17. Mr Bendit says that EATALIA DIRECT has engaged in other activities as part of its marketing strategy, exhibiting and selling products at five charity fairs in November and December 1999 in and around London, including high profile events for Cancer Research. As a result of these, EATALIA DIRECT accumulated approximately 250 additional names for the mailing list.

18. He also describes the process of setting up and developing the EATALIA DIRECT business involving the sourcing of supplies throughout Italy. As at April 2000 twelve independent suppliers existed in different parts of Italy. Other arrangements such as special provision for packaging of chilled goods and breakable produce are described along with the appointment of a telesales company, IMS Telesales, to handle orders and customer queries.

19. As a result of this activity the mailing list of EATALIA DIRECT consisted of approximately 1800 names and addresses by April 2000.

20. A breakdown of the expenditure incurred is given as follows (summary only):

Catalogue costs	£17,895
Initial promotional activities	£1,700

Other costs	£5,575
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Web site cost	£1,175
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21. Turnover in the period up to 31 March 2000 is put at £30,300.

22. The remainder of Mr Bendit's declaration is largely submissions in relation to Mr Casalena's mark and his intentions. In particular he suggests that:

- Mr Casalena and/or his business associates would "almost certainly have known of the EATALIA DIRECT business";
- Mr Casalena had no genuine intention to use the mark in respect of the goods applied for;
- Mr Casalena, through his agents, has given an incomplete or inaccurate account of his intentions. It does not appear to be possible to buy products from Mr Casalena's website;
- none of Mr Bendit's own suppliers that he has spoken to have heard of Mr Casalena;
- Mr Casalena's agents have stated that he commissioned a search with the UK Patent Office prior to filing the application. Mr Bendit does not think this would have been done without also carrying out an internet search particularly as Mr Casalena's brother-in-law and associate, Vasco Tudini, is knowledgeable about computers and the internet.

23. Two other statutory declarations have been filed on the opponent's behalf. The first is from Martyn John Goodger, the Solicitor acting on behalf of Mr Bendit. The second is from Alessia Christiana Oddone, an Italian lawyer working at Mills & Reeve Solicitors who was asked to make follow-up enquiries. This evidence jointly deals with the opponent's bad faith claim and is intended to shed light on certain claims made by, or on behalf of, the applicant. The background to this evidence can be found in the copy correspondence between the parties' professional representatives exhibited at MJG1 to Mr Goodger's declaration. In that correspondence Fry, Heath & Spence, acting for the applicant, advance certain claims on Mr Casalena's behalf in response to the threatened opposition. The claims relate to:

- Mr Casalena's having conceived the name Eatalia in early 1999;
- the failure of a domain name search at that time to encounter the opponent's website;
- Mr Casalena setting up his own website in early April 1999 and to have built up a considerable reputation in sales of food and beverages of Italian origin as a result;

- Mr Casalena filing trade mark applications in Italy and under the Madrid Agreement on 8 April 1999 and 9 April 1999 respectively.

24. Mr Goodger's enquiries suggest that:

- the applicant's Italian and Madrid Agreement trade mark applications are in respect of Class 35 services and not the goods of the UK application;
- Mr Casalena's application to register the domain name www.eatalia.it was not in fact made until 18 January 2000 (originally in the name of Vasco Tudini but subsequently transferred to the applicant) and registered on 4 February 2000;
- the website does not appear to allow for the actual purchase of goods and is no longer accessible in its former form;
- Vasco Tudini, the applicant's associate has a background in information technology, software and computers according to his curriculum vitae on the website www.cefriel.it.

Applicant's evidence

25. The applicant has filed four declarations. I will take Mr Casalena's own declaration first. He is an Italian national living in Italy but has spent time in the USA and UK. He is the Chief Executive Officer of the company Eatalia di Tudini Vasco incorporated in Italy since 16 June 1999. He is also the brother-in-law and business partner of Vasco Tudini in whose name the company is registered.

26. Mr Casalena describes the background to the business as follows:

“Shortly prior to January 1999, I conceived an idea for an internet based business. In January of 1999, on returning from studying in the UK, I returned to my home in Italy and discussed my idea with my wife Angelica Tudini and Brother-in-Law Vasco Tudini. Between January and March 1999, myself, Angelica Tudini, Vasco Tudini and my former university colleague and his wife, Joe and Carla Petillon set up a working group to put my idea into practice. At about this time, we conceived the name EATALIA as a brand and trading name for our new venture. The name is an invented word which we conceived as an original mark comprising a clever yet covert allusion to the nature of our business.

Between February and April of 1999, the following actions were taken by the working group:

- a. An individual company, Tudini Vasco, was registered in Italy in the name of Vasco Tudini. An intention was formed to register the company as an Italian LL Company, should the business model for the EATALIA concept prove successful. The company was re-registered as Eatalia di Tudini Vasco on 16th June 1999.

- b. Applications were made, without the advice or aid of a Trade Mark Agent, to register the trade mark EATALIA (& Device) in the form as represented in the Application in suit, in Italy and subsequently following the Madrid Agreement, in France, Germany and Spain. The application was made in class 35. It was our understanding at that time that services directed to the commerce of food and beverage products rather than their manufacture were properly protected under Italian law by a trade mark registration in respect of business affairs in Class 35 rather than provision of food and beverages under classes 29 and 30. We also attempted at that time to register the same trade mark in the UK and US through the Madrid Agreement but were subsequently advised by the International Bureau that these countries were not party to the Madrid Agreement and our application could not be extended to them.
- c. Two small Italian food procurers; Pascucci (Pasta) and Agnoni (Olive Oil) were approached with a view to negotiating terms for the supply of their products to customers of our future business.
- d. Joe Petillon instructed a comprehensive Federal, State and common law trade mark search in the USA to establish the availability of the EATALIA trade mark for registration and use in the USA. No identical marks were found and no citations of the Opponent's mark was found.
- e. We carried out our own search to establish whether the name EATALIA has been registered as a domain name, we discovered that the web site addresses www.eatalia.com and www.eatalia.co.uk had been secured by a third party. These sites were not, at that time, in use and to our knowledge still are not. The Opponent's web sites were not identified in this search.
- f. We attempted to purchase the www.eatalia.com and www.eatalia.co.uk domain registrations but were unsuccessful. We instructed the Italian Domain Name Institution to secure registration of the domain name www.eatalia.it on our behalf. Unfortunately, these agents proved to have only a very small Internet Service Provider and limited negotiation power and a long delay ensued. In January of 2000, Vasco Tudini applied directly to register this domain name and was successful, securing registration on 4th February 2000.
- g. I contacted the US Food and Drug Administration (US FDA) for further information as to the regulations governing import of Italian food products into the US to assist us in the setting up of a customer and distributor base in the US.”

27. Mr Casalena goes on to say that, in June 1999, he was transferred by his employer, Kimberley-Clarke Europe, to work in the UK. It was decided to take advantage of this relocation to progress the business in this country. He then describes the process of applying for the trade mark in suit. The application itself was preceded by a Search and Advisory Service search for identical or similar marks (instructions for the search having been given on 28 January 2000). Exhibits LC1 to LC9 are provided in support of the claims and statements

set out above. I do not propose to list the Exhibits. A number of them are “To whom it may concern” letters that appear to have been prepared for the purposes of these proceedings. That is not to say that their contents are inaccurate or misleading but they do not have the force of contemporaneous documents. I will comment on those Exhibits that are relevant to the enquiry when I come to my decision.

28. Two further declarations are from Mr Casalena’s business partners, Joe Petillon and Vasco Tudini. Their statements confirm but add little to Mr Casalena’s evidence. The final declaration is from Pietro Pascucci, the proprietor of a food products company. He confirms that he has been in business discussions with Mr Casalena and his colleagues regarding goods to be sold through their internet based company, which he has known about since April 1999, to be called EATALIA.

29. That completes my review of the evidence.

Preliminary point and its wider consequences

30. A preliminary point had been carried forward to the substantive hearing as a result of the opponent's claim that paragraph 9 of Mr Casalena's declaration referred to correspondence written on a 'without prejudice' basis. Mr Goodger pointed out that a 'without prejudice' offer was made on a conditional basis and subject to the contents of an open letter of the same date. Mr Casalena's reference to the without prejudice letter was in his view not a fair representation of the context in which the offer was made. Nevertheless he was not asking for the reference in the evidence to be struck out but wanted the reference to be put into context by my having sight of the 'without prejudice' letter referred to. Mrs Townsend did not object to this course.

31. Arising in part from the above circumstances Mr Goodger made a number of submissions that went to the applicant's standard of conduct and the credibility/reliability of his evidence. I will comment briefly on these claims because it is a potentially serious matter and, if found to be justified, might cast doubt on the value of the applicant's evidence as a whole.

32. Exhibit MJG1 to Mr Goodger's evidence contains copies of correspondence between his firm and Fry Heath & Spence acting for Mr Casalena. The correspondence took place in the period shortly before the filing of the opposition and consists of the sort of exchanges that, I assume, take place between professional representatives in terms of testing their clients' positions prior to, or in an effort to avoid, formal proceedings. Mr Goodger drew my attention to certain claims made on behalf of Mr Casalena, in particular regarding the latter's applications to register his mark in Italy and under the Madrid Agreement; the setting up of his own website; searches undertaken prior to the UK trade mark filing and the 'considerable customer base and reputation' he had built up. Mr Goodger suggested that certain of the claims had not been borne out or had wrongly stated the position and that, taken as a whole, the applicant's conduct was such as to cast doubt on the reliability/credibility of his evidence. The matter was made worse in his view because the claims had been made following consultation with Mr Casalena.

33. Mrs Townsend countered that the allegation of bad faith against her client was a serious one and that several letters had been received making this claim. Mr Casalena had not been professionally represented initially and had not intended to mislead in the responses given.

34. From my own reading of the correspondence in MJG1 it seems that certain of the claims made in Fry Heath & Spence's letter of 10 July 2000 were later adjusted or explained in the subsequent letter of 15 August 2000. Thus it emerges that the claim to have set up a website in early April 1999 is later said to be the date when the process was initiated. The claim to a considerable customer base and reputation was in my view a vague one and no specific claim was made in relation to the UK. The other claims have been borne out by the evidence subsequently filed. Equally it might be said that the opponent's bad faith claim was scarcely explained or justified on the facts presented in the correspondence contained in Exhibits MJG1 and LC9.

35. I doubt that professional representatives often understate their clients' case in preliminary skirmishes of this kind. Clearly if wholly unjustified or overblown claims have been made that is a matter of concern. But once formal proceedings have been launched claims and counterclaims must be formalised and supported by evidence. The issue that I am being asked to consider is whether the statements made on the applicant's behalf were such that they should cast doubt on the credibility/reliability of the applicant's position and his subsequently filed evidence. I am emphatically of the view that it should not.

Section 3(6)

36. Section 3(6) reads:

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

37. Two objections are raised under this head. The first is that the applicant has no bona fide intention of using the mark in the UK in connection with the goods applied for.

38. The intention to use requirement is to be found in Section 32(3) of the 1994 Act:

"32.-(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."

39. That statutory requirement is in turn reflected in a statement which applicants are required to make on the Form TM3 (Application to register a trade mark).

40. The relevant date is the date of filing the application. Mr Goodger acknowledged that the onus is on the opponent to make out his case.

41. I was referred to a large number of authorities dealing with the nature of a bad faith claim. It will suffice for present purposes to refer to three cases. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 Mr Justice Lindsay said:

"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."

42. Bad faith can, of course, arise in a variety of circumstances including lack of intention to use as Mr Goodger reminded me by reference to the Notes on Sections based upon the Notes on Clauses provided to Parliament during the passage of the Trade Marks Bill (see Kerly's Law of Trade Marks at 7-201). The issue of intention to use arose in *Demon Ale Trade Mark* [2000] RPC 345. Mr Geoffrey Hobbs, sitting as the Appointed Person, concluded as follows:

"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). I see no reason to doubt that Section 32(3) is compatible with Community law. The 8th recital to the Directive specifically confirms that "*in order to reduce the total number of trade marks registered and protected in the Community ... it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation*". I am satisfied that this is not a case which tests the limits of Section 3(6) of the Act (article 3(2)(d) of the Directive) from the point of view of Community law."

43. Mr Hobbs also made it clear in DEMON ALE that a finding of bad faith may be fully justified even in a case where an applicant sees nothing wrong in his own behaviour. The test is primarily an objective one. More recently in DAAWAT Trade Mark, 0-265-02 (unreported at the time of writing) Mr Hobbs has reviewed relevant UK and CTM authorities and reaffirmed the view that it does not require conscious dishonesty on the part of an applicant for a finding of bad faith to be reached.

44. With those principles in mind I turn to the opponent's case. Establishing another party's intentions at any particular point in time is not, of course, an easy matter. The applicant here has not pointed to any activity in the UK either before or after the filing date of the application. That in itself can scarcely be relevant as it is permissible to apply for a trade mark on the basis that there is a bona fide intention to use it rather than actual use. The opponent is entitled to point out that, despite the applicant's initial claim, no use has been shown in other jurisdictions either and there appears to be a difficulty in placing orders on the applicant's website (Mr Goodger's evidence at paragraph 8). Against that, as Hearing Officers

all too readily point out, use overseas is rarely relevant to the position in the UK. It should not, therefore, be held against the applicant that any such information has not been filed in evidence.

45. Mr Goodger also submitted at the hearing that the applicant had shown no real understanding of the meaning of the requirement to have a bona fide intention to use his mark. The suggestion is, I think, that any intention was contingent or speculative or, at least, lacked a sufficiently concrete basis. The interpretation of the words "bona fide intention that it should be so used" in Section 32(3) of this Act is one that may test trade mark professionals just as much as private individuals. Mr Justice Neuberger has made the following observations in *Wyeth v Knoll Aktiengesellschaft*, EWHC [2002] 899 (CH):

"To attempt to define the meaning of "*bona fide* intention" in section 32(3) of the 1994 Act would be dangerous, indeed, I think, impossible. Clearly, a pretty firm and settled intention to use, as the defendant had so far as use of the Mark in issue in relation to obesity products, will do. However, whether a contemplated use, or a possible or conditional intention to use, can suffice must depend upon the circumstances."

46. Faced with making the statement on the Form TM3, Mr Casalena was, it seems to me, in no different position to any other private individual or company filing a trade mark application without the benefit of professional assistance. His application and the statement made must be judged with regard to all the surrounding circumstances set out in the evidence.

47. The applicant's evidence sets out the various steps taken from the inception of the project. These included setting up sources of supply, establishing the website, applying for trade mark protection and contacting the US Food and Drug Administration to establish the specific requirements in that market.

48. The mere setting up of a website or applying for trade mark protection is not in itself proof of an intention to use. On the other hand the contact with suppliers and the steps taken in the US seem to me to be indicative of a real intention to carry on a business. However, save for one inconclusive reference, the exhibited correspondence does not bear directly on the applicant's plans in the UK. Equally it does not begin to establish a prima facie case to the contrary, that is that the applicant did not have a bona fide intention to trade in the UK. What the applicant has shown is active planning for a business venture involving a number of different markets.

49. There is nothing inherently improbable about what is proposed. The nature of an internet based business is that it does not depend on establishing a physical presence in this country. It appears from Mr Casalena's evidence that the impetus for wishing to extend the business model to the UK was the fact that his employer transferred him to work here. That might suggest an opportunistic rather than a premeditated approach but I see nothing wrong in that. Whether further progress has been made whilst these proceedings are outstanding is not clear. But neither is it relevant. The intention to use must be judged at the material date, that is the filing date of the application (23 March 2000).

50. On the material before me the opponent has failed to make out a prima facie case against the applicant. Furthermore I can find nothing in the evidence that is inconsistent with the applicant's claimed intention to use his mark in this country in relation to the goods applied for.

51. The second objection under Section 3(6) is that bad faith arises because "the applicant knew of the opponent's mark at the date of the application in suit". It is, Mr Goodger submitted (and I accept), a separate ground of objection to the one dealt with above. The circumstances here are somewhat unusual in that it is conceded by the opponent that the applicant (or his business partner, Mr Tudini) independently adopted the mark. That is a necessary concession because the Italian and Madrid Agreement applications by Mr Tudini were made in early April 1999 before the launch of the opponent's business in May/June of that year.

52. It would seem from the Madrid application that the applicant sought to extend protection to the UK (Exhibit LC1) but was unable to do so because the UK is not a party to the Madrid Agreement. Hence the separate application in this country at a later date. This prior independent adoption of the mark applied for is a powerful prima facie indicator that the bad faith claim against the applicant is not capable of being sustained. But it cannot be a complete answer to the objection. It seems to me the position is that, even if the applicant is the legitimate proprietor of a mark in another jurisdiction, he may still leave himself open to a charge of bad faith in circumstances where:

- he applies for the mark in this country knowing that the opponent has entered or is about to enter the market under a closely similar mark; and
- the applicant does so in order to take unfair advantage of his knowledge of the opponent's position.

53. The key to the matter is the applicant's state of knowledge at the time he applies (see *DAAWAT Trade Mark* 0-227-01). Other issues may arise (and do in this case) in relation to the common law position of the parties but the above represents my understanding of the position insofar as an objection of bad faith under Section 3(6) is concerned.

54. The opponent's position is that the applicant in this case did have knowledge of the opponent's mark. The basis for the claim is conveniently summarised in Mr Goodger's skeleton argument as follows:

"The evidence shows, inter alia, that: the Applicant carried out a domain name search against Eatalia in 1999 (*paragraph 6(e) of his declaration*); that at least one of the Applicant's associates has a background in IT, software and computers (*paragraph 4 of the Statutory Declaration of Alessia Cristiana Oddone*); that the Applicant and his associates were familiar with search engines and meta tags on the Internet (*first page and twelfth pages of Exhibit LC6*) and monitored "competitor Web sites" (*fourth page of Exhibit LC6*); that the Applicant's associates carried out a common law search in the US (*Exhibit LC4*) but ostensibly not in the UK (although a UK Patent Office trade mark search was commissioned); and that Google searches (albeit after the relevant

date) against "Eatalia" produced 38 results of which 27 referred to the Opponent's business (*paragraph 10 of the Statutory Declaration of Martyn John Goodger*)."

55. The opponent concedes that there is no single conclusive piece of evidence against the applicant. Rather I am invited to reach the desired conclusion by a process of inference based on the above circumstances.

56. The opponent has, I think, set himself a difficult task. At the hearing I reminded Mr Goodger of the following passage from Mr Thorley's decision in *ROYAL ENFIELD Trade Marks*, [2002] RPC 24:

“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 Q.B. 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.”

57. My understanding is, therefore, that there is a strong presumption against finding bad faith by a process of inference. But the final sentence makes it clear that it is not impossible for a tribunal to reach a finding by such a process.

58. The opponent's claim is heavily reliant on establishing that the applicant's enquiries and searches prior to filing would have brought to light the existence of the opponent's business. Specifically Mr Tudini, one of the applicant's associates is said to be a computer/internet expert and would have had the knowledge and ability to identify the opponent's mark/business.

59. There are no specific requirements relating to the nature and extent of searches that need to be conducted prior to the filing of a trade mark application. The opponent's claim, therefore, requires them to satisfy me that not merely was it within the applicant's (or his associate's) power to conduct all potentially relevant searches (internet, trade mark, common law etc) but that such searches were in fact carried out and identified the opponent's business. It would also be necessary to show that the information so revealed should have been sufficient to tell the applicant that it would be improper to proceed with his own application in the face of the opponent's right.

60. It is a reasonable inference from Mr Tudini's position and the nature of the business the applicant wishes to start that he is internet literate. Beyond that there are difficulties for the opponent in establishing his claim. The applicant claims to have undertaken his domain name search in the period between February and April 1999 (albeit that a registration was not secured until February 2000). The opponent did not apply to register his domain name ('eataliadirect' not 'eatalia') until August 1999 and acquired a .co.uk domain name at the same

time. The applicant's searches would not, therefore, have identified the opponent's domain names. There is the further point that the applicant had tried unsuccessfully to purchase two other 'eatalia' domain name registrations without success. The applicant has also filed evidence of the search undertaken through the UK Patent Office's Search and Advisory Service prior to filing the application in suit. This had reported no identical or confusingly similar marks and thus, in the applicant's view, cleared the way for his application. It is true that there does not appear to have been a UK common law search carried out in contrast to the position in the U.S.. However there was no obligation on the applicant to do so and, depending on how and when any such search was conducted it might or might not have identified the opponent's business which is modest in scope and did not get under way until the summer of 1999.

61. Making the best I can of the evidence before me and the nature of the test I consider that the opponent is some way from establishing even a prima facie case against the applicant. Both the Section 3(6) objections fail.

Section 5(4)(a)

62. The 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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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."

63. 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] RPC 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

- (1) that the opponent's 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 opponent; and

- (3) that the opponent has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

64. It is clear from Article 4(4)(b) of the Directive on which the above provision is based that the right to prohibit use of the applicant's trade mark must have been established at the date of application (no priority date is claimed).

65. Before turning to the first element of the above test it will be convenient to set out the respective marks:

Applicant's mark



Opponent's sign



66. Although it might be said that there is a degree of descriptive character in the main element EATALIA it is more in the nature of a skilful wordplay and is in many respects a clever mark or sign. The subsidiary elements of devices of a map of Italy and, in the opponent's case, the word DIRECT do no more than allude fairly directly to the source of the goods and the nature of the service. In these circumstances I take the view that the applicant's mark is closely similar to the opponent's sign.

67. Mrs Townsend pointed out that the promotional flyer (PJB2) and catalogue (PJB3) do not show use of the opponent's sign on the goods offered for sale, which generally carry their producers' marks. That is so but the flyer and catalogue clearly display the EATALIA DIRECT logo. It is clearly being used to indicate the source of the mail order business providing the goods in question.

68. The applicant has applied for goods in Classes 29 and 30. I do not think too much should be made of the distinction between the goods and the service. It is clear that both parties intend to operate the same kind of business. It appears that the applicant's application in goods Classes follows advice received from the Search and Advisory Service (paragraph 7 of Mr Casalena's declaration).

69. In these circumstances if the opponent satisfies me that he has substantiated his claim to goodwill it appears to me that the burden of proving that there will be a misrepresentation on the part of the applicant with consequent damage to that goodwill will be much reduced. In short if the opponent establishes goodwill, use of the applicant's sign would be extremely

likely to cause deception. The critical issue is, therefore, whether the claim to goodwill has been made out.

70. The opponent's claim to goodwill is based on a relatively short period of trading (about 10 months) by the relevant date and a modest level of sales (£30,300). Mr Goodger reminded me by reference to *Stannard v Reay* [1967] FSR 140, that there is no minimum period of time or minimum level of sales for establishing the necessary goodwill. That is so but where a relatively short trading history is involved an opponent can be expected to exercise particular care in substantiating his claim.

71. Mr Justice Pumfrey has commented on this issue in *South Cone Incorporated v Jack Bessant and Others* [2002] RPC 19:

"As Mr Hobbs QC said in *WILD CHILD TM* [1998] RPC 455 the Registrar is often required to act upon evidence that might be regarded as less than perfect when judged by the standards applied in High Court proceedings. The second question follows: how cogent must the evidence be upon which the Registrar should act in upholding an opposition on this ground?

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 s 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.

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 to 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 probabilities that passing off will occur."

72. Mrs Townsend made a number of criticisms of the opponent's evidence in this case. Her main points were that there was no explanation as to how the turnover figure was generated; the geographical spread of sales might be restricted given that the main initial promotional thrust was in a South London magazine; there is no explanation as to how the opponent's mailing list was compiled; some of the press coverage is contained in magazines published close to the material date; other references such as exhibiting at Charity Fairs is somewhat vague and unsubstantiated.

73. Mrs Townsend's submissions in relation to the opponent's evidence are not without force. She is right to suggest that the initial advertisement in *Living South* is likely to have produced

a geographically limited awareness of the opponent's business. That is not necessarily a barrier to claiming goodwill as *Stannard v Reay* demonstrates. The subsequent catalogue insert in the BBC Good Food magazine must have achieved a significantly wider coverage. I note that the magazine is said to have 60,000 subscribers and a further 300,000 sales from retail outlets. The other magazine coverage in the summer and winter of 1999 referred to by Mr Bendit is not quantified in terms of circulation and/or impact. The opponent has, however, provided very detailed breakdown of the expenditure incurred in setting up the business and promoting it to potential customers.

74. The effect of the trading activity prior to the material date in terms of sales made is best characterised as modest but not insignificant. It brings me to what I regard as potentially the most serious weakness in the opponent's case. This is the absence of invoice evidence or customer information to substantiate or explain the turnover achieved. It enabled Mrs Townsend to speculate that the turnover could in theory be attributable to a single customer or at least a relatively small number of customers. It is a deficiency that, coupled with the relatively small scale nature of the business by March 2000, has caused me to consider very carefully whether it undermines the opponent's claim to a significant extent. I have concluded that it does not but I should explain why I have reached this view.

75. The opponent has chosen to enter what I take to be a specialist market place namely the provision of Italian food products and drink by means of a mail order operation. It is very much a niche market and so far as I am aware a relatively untested one, all the more so as the emphasis is on providing products from family run businesses using traditional methods of manufacture (see the narrative text and product descriptions in the catalogue at PJB3).

76. It is not altogether surprising in these circumstances that the opponent would not wish to disclose its customer lists to a potential trade rival. Mr Bendit's evidence would nevertheless have benefited from some indication of the size and/or distribution of the customer base to flesh out the bare turnover figure quoted. I note that by April 2000 the opponent had built up a mailing list of 1800 names and addresses but I accept too that a mailing list is not the same as a customer list.

77. Thus, bearing in mind the comments in the *South Cone* case, the opponent has gone some way to substantiating his claim but his evidence is not above criticism. Has he done enough to satisfy me that he has got a prima facie case?

78. Each case must be considered on its own facts and circumstances. I do not think Mr Justice Pumfrey was setting out to provide an exhaustive list of the sort of evidence that must be available to reach a finding in favour of an opponent. It is important to bear in mind the picture built up by the evidence as a whole. The nature of Mr Bendit's business has been fully explained and the applicant has not challenged his evidence. I remain of the view that customer/order information would have helped to substantiate the basic claims but it is, in my view, a reasonable inference that the turnover figure is likely to have been generated as a result of orders by a not insignificant number of customers. It would be a strained reading of the evidence (given the nature of the goods and the advertising methods used) to conclude otherwise. Goodwill at the relevant date may not have been extensive but it existed.

79. I have not commented in the above analysis on the reference in various magazines in March 2000. These are the references in 'The Net' magazine, a further feature in BBC Good Food magazine and a mention in Nigella Lawson's feature page in Vogue magazine. As the publication of these magazines took place in the last month of the relevant period, their effect in terms of business generated by 23 March 2000 must be doubtful. Nevertheless they would have contributed to the reputation already established by that time.

80. I have not found this to be an easy matter to determine. It is not without hesitation, therefore, that I have reached the view that it would be over astute to allow certain deficiencies in the opponent's evidence to obscure the fact that the evidence as a whole points to goodwill subsisting in the EATALIA DIRECT logo at the relevant date. As already indicated I also find that, given the applicant's mark and the closely similar nature of his business, misrepresentation and damage would be inevitable consequences. The opposition succeeds under Section 5(4)(a).

81. Both sides made separate submissions in relation to costs.

82. Mr Goodger asked me to take into account the correspondence resulting from the inclusion of references to 'without prejudice' material in the applicant's evidence; the fact that initial statements made by the applicant were not all substantiated; and that the failure to copy evidence had resulted in protracted correspondence.

83. Mrs Townsend pointed to the allegation of bad faith made against her client in the initial correspondence; the broad claims made in relation to the opponent's reputation in the initial exchanges; the fact that a number of grounds were not pursued; the repeated objections to the form of the applicant's evidence; and the delay in requesting copies of evidence.

84. A number of these points do not seem to have any particular merit. The initial (pre opposition) exchanges between the professional representatives contained bold, and in some cases overstated, claims as to their clients' positions. I am not persuaded that it resulted in either side having to file evidence that it would not have chosen to file anyway. The 'without prejudice' point seems to me to have received a level of attention that is disproportionate to its relevance to the proceedings. The relief sought by the opponents was not immediately apparent. It seems to have become clear in the ensuing correspondence that the applicant was prepared to either delete the reference in the evidence or to admit the letter referred to. I have not felt able to accept the opponent's submission that it reflects adversely on the applicant's conduct.

85. The opponent's complaint about the applicant's attorney's failure to copy evidence and the applicant's counterclaim that the opponent's representatives acted unreasonably in relation to the form of the applicant's evidence do not in my appraisal of the correspondence call for significant adjustment to the normal cost award. Finally it is correct to say that certain of the originally pleaded grounds were in the event not pursued. But beyond a denial of those grounds in the counterstatement it has not entailed the applicant in significant additional work.

86. I do not intend to undertake a more detailed analysis of the various pieces of correspondence that give rise to certain of the above claims though I have considered this material in response to the submissions at the hearing.

87. The net effect is that I order the applicant to pay the opponent the sum of £2000. 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 the decision is unsuccessful.

Dated this 27th day of September 2002

**M REYNOLDS
For the Registrar
the Comptroller-General**

