

O-253-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 83354
BY MATTECK MATSUZAKI CO LTD
FOR A DECLARATION OF INVALIDITY IN RESPECT OF
TRADE MARK NO. 1373268 IN THE NAME OF
LEADER INTERNATIONAL LIMITED**

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**IN THE MATTER OF Application No. 83354
By Matteck Matsuzaki Co Ltd
for a declaration of invalidity in respect of
Trade Mark No. 1373268 in the name of
Leader International Limited**

DECISION

1. Trade Mark No. 1373268 is for the trade mark MATSUZAKI and is registered in respect of “Hairdressing scissors; all included in Class 8. The mark was applied for by Salon Services (Hair and Beauty Supplies) Limited on 11 February 1989 and registered on 12 November 1993. It currently stands in the name of Leader International Limited.

2. By an application dated 10 October 2008, Matteck Matsuzaki Co. Ltd applied for the registration to be declared invalid under the provisions of Sections 47(1) citing Section 3(6) of the Act. The application is made on the following grounds:

Under Section 3(6) The registrant never had permission from Matteck Matsuzaki (the manufacturer) to register the mark which has been in existence since 1898.

3. The agents representing Leader International Ltd filed a Counterstatement stating “To substantiate its allegation of bad faith, the Applicant asserts only that the assignor of the Trade Mark, Salon Services (Hairdressing Supplies) Limited, was never granted permission from the manufacturer to use the name which has been in existence since 1898 in Japan. The Registered Proprietor denies that permission was required and contends that this statement is not relevant to these UK proceedings. The Applicant is put to strict proof of its claim.” The applicants refer to the fact that MATSUZAKI is a well known Japanese surname and that the application proceeded to registration on the basis of evidence of distinctiveness acquired through use. The allegations are denied.

4. Both sides filed evidence in these proceedings, which insofar as it may be relevant I have summarised below. The matter came to be heard on 14 May 2010, when the applicants were represented by Mr Andrew Marsden of Saunders & Dolleymore, their trade mark attorneys. The registered proprietors were represented by Mr Bob Elliott of Crutes LLP.

Applicants’ evidence

5. This consists of a Witness Statement 25 June 2009 from Andy Palmer, Chief Executive Officer of Andy Palmer Limited, which is endorsed as having been filed on behalf of Mr Kunihiko Matsuzaki which from Exhibit AP3 can be seen to be the President of Matteck Matsuzaki Co. Ltd. Mr Palmer confirms that the information contained in his Witness Statement is from his own knowledge, is publicly available information or has been obtained from the records of his company.

6. Mr Palmer begins by referring to the subject trade mark registration, details of which he shows as Exhibit AP1. Exhibit AP2 consists of the company details for Salon Services (Hair and Beauty Supplies) Limited and Leader International Limited obtained from the Companies House website that shows an overlap in the directors. The exhibit also includes a page obtained from the internet relating to Sally Beauty Holdings Limited showing Leader International to be a subsidiary of that company.

7. Exhibit AP3 consists of details from the website www.matsuzaki.jp taken on 22 June 2009. This confirms that the company was established in 1898, and that Andy Palmer Ltd is their Exclusive Sales Agent for England and Ireland. He refers to Exhibit AP4 which consists of details of a Japanese Trade Mark for a MATSUZAKI logo applied for in August 2001 and registered in September 2002.

8. Exhibit AP5 is introduced as the MATSUZAKI product catalogue depicting a range of high quality hairdressing scissors.

9. Exhibit AP6 consists of a letter dated 12 September 2008 from Kunihiko Matsuzaki of Matteck Matsuzaki in response to a fax of 10 September 2008 from Mr Mark Tillyer of Salon International. Mr Matsuzaki mentions Andy Palmer as being his company's sole agent for the UK and Ireland, that they had been "doing the scissors business with Leader International comparatively for long time..." He says that "About 6-7 years ago and they couldn't achieve good annual sales" and despite several meetings and many letters in an attempt to improve sales, "the scissors business with Leader has been stopped since the middle of 2006." Mr Matsuzaki goes on to mention the registration of MATSUZAKI by Leader, that there never been a request to register the name/brand and that Matteck Matsuzaki had "...never agreed to such issues." Exhibit AP7 consists of a copy of an agreement dated 1 January 2008 by which Matteck Matsuzaki granted exclusive distribution rights for the UK and Ireland to Andy Palmer Limited. The exhibit also includes details of UK and Irish trade mark applications for the mark MATSUZAKI made in the name of Matteck Matsuzaki Co Ltd.

10. Exhibit AP8 consists of the results of a Google search for MATSUZAKI SCISSORS undertaken on 25 June 2006 returning 6,510 results. Exhibit AP9 includes a photograph of Mr Matsuzaki and a colleague with Vidal Sassoon, an article dated 30 October 2008 from the Hairdressers Journal International website reporting the Salon International exhibition with a photograph of Mr Matsuzaki making the draw to win a pair of scissors and a day at the Andy Palmer Academy. The exhibit also includes a photographs of the prize presentation, of the winner using the scissors, and of Mr Palmer with Matsuzaki.

11. Exhibit AP10 consists of a "To whom it may concern" letter from Catherine Handcock, publisher of Creative Head certifying that Ms Handcock recognises MATSUZAKI as a Japanese manufacturer of bespoke, top quality, hairdressing scissors that has been available in the UK for around 20 years. The letter is dated "June 22" which can be placed in 2009 by the fax transmission record which shows a date of 25/06/2009. The exhibit also includes an extract from the website "headfirst" taken on 25 June 2009 which states that it is "Creative HEAD online". Exhibit AP10 also includes an extract from the "salonsmart" website reporting the salonsmart event held on 26/27 April 2009 in London, which refers to MATSUZAKI as "The first company to produce a full steel scissor, and with a faithful following of top UK hairdressers ... MATSUZAKI scissors are world renowned..." There is also a photograph of the winner of a pair of MATSUZAKI scissors and a "Specialist

workshop” including MATSUZAKI scissors.

12. Exhibit AP11 consists of a further e-mail sent on 22 June 2009 by Emma Postgate, Regional Sales Executive of Professional Hairdresser magazine to Andy Palmer, confirming her awareness of MATSUZAKI being a Japanese manufacturer of professional hairdressing scissors, and to Andy Palmer Ltd being the exclusive distributors. Ms Postgate states that her magazine has featured the brand editorially within the title, most recently in the April issue, an extract from which is also exhibited. This involves a comparison of various scissors including MATSUZAKI. Mr Palmer concludes by reiterating that Matteck Matsuzaki Co Ltd have not given their permission for the mark to be registered by Leader.

Registered Proprietor’s evidence

13. This consists of a Witness Statement dated 23 November 2009 from Christopher Thomas Cairns of Murgitroyd & Company, the attorneys acting for Leader International Limited. Mr Cairns refers to written submissions dated 12 October 2009 submitted by Murgitroyd & Company on behalf of the registered proprietor. He says that with reference to Paragraph 13 he provides Exhibit CTC1, consisting of a copy of an extract from the WHOIS website relating to the applicant’s website shown to have been created on 8 June 2007. Exhibit CTC2 consists of an extract from the Companies House website for Matsuzaki (UK) Limited which is shown to have been incorporated on 6 August 2004 and dissolved on 14 August 2007.

14. Exhibit CTC3 consists of a letter dated 17 November 2004 from Murgitroyd & Company to Matsuzaki (UK) Limited concerning the rights that Leader claim in MATSUZAKI, and threatening action should the company use the mark. Exhibits CTC4 and CTC5 consists of a further letter (and a faxed copy) from Murgitroyd dated 17 November 2004 sent to Matteck Matsuzaki enclosing a copy of the letter to Matsuzaki (UK) Limited,

15. That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

16. The application is made under the provisions of Section 47(1) and specifically Section 3(6). These sections 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.

and:

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

17. Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that....

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

18. The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition but has not shirked from indicating its characteristics. In *AJIT WEEKLY Trade Mark* [2006] RPC 25, Professor Ruth Annand sitting as the Appointed Person held as follows:

[35] ... Bad faith is to be judged according to the combined test of dishonesty for accessory liability to breach of trust set out by the majority of the House of Lords in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, with *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 providing the appropriate standard, namely acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined.....

[41] ... the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords’ test for dishonesty applied in *Twinsectra*, i.e. the combined test [footnote omitted]; and (b) to resolve any ambiguity in the majority of their Lordships’ statement of that test by making it clear that an enquiry into a defendant’s views as regards normal standard of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant’s conduct is dishonest judged by ordinary standard of honest people, the defendant’s own standards of honesty being irrelevant to the objective element....

[44] In view of the above and in particular the further clarification of the combined test given by the Privy Council in *Barlow Clowes*, I reject Mr Malynicz’s contention that the Hearing Officer erred in failing to consider the registered proprietor’s opinions on whether its conduct in applying for the mark fell below ordinary standard of acceptable commercial behaviour.”

19. An allegation that an application was made in bad faith implies some deliberate action (by the proprietor) that a reasonable person would consider to be unacceptable behaviour or, as put by Lindsay J in the *Gromax* trade mark case [1999] RPC 10: “includes some dealings which fall short of the standards of acceptable commercial behaviour”. The onus rests with the applicants to make a prima facie case. The issue must be determined on the balance of probabilities and may be made out in circumstances which do not involve actual dishonesty. It is not necessary to reach a view on the applicant’s state of mind regarding the transaction if, in all the surrounding circumstances, making the application would have been considered contrary to normally accepted standards of honest conduct.

20. The application is primarily an allegation that the registrant never had permission from Matteck Matsuzaki (the manufacturer) to register the mark. The inference I am asked to draw is that permission would have been required because the registered proprietors (and/or their predecessors in title) were a UK agent for Matteck Matsuzaki, in the case of Leader this is claimed to be up to 2006. This also implies that Leader International Limited should have known that the applicants were active in the UK market using the MATSUZAKI mark and that the rights to the mark rested with Matteck Matsuzaki Co. Ltd.

21. At the hearing the applicant sought to include Section 60(3)(b) in the application for invalidation. Although I refused to allow this ground to be added at such a late stage the only real consequence of this is that if the registered proprietor is found to have been an agent or representative at the time that the mark in suit was filed, then they will have acted in bad faith and the registration deemed never to have been made, whereas under Section 60(3)(b) it could be transferred into the name of the applicant.

22. Much of the applicant's evidence consists of claims. The supporting documentary evidence is thin, and in establishing that they had a manufacturer/agent relationship with the registered proprietors is all but non-existent. In considering this I am mindful of the guidance given by Mr Richard Arnold QC sitting as the Appointed Person (as he then was) in the *Extreme* trade mark case, [2008] R.P.C. 24. Mr Arnold QC stated that where evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged, nor challenged his evidence in cross-examination, nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then the rule in *Brown v Dunn* applies. It is not open to the opposing party to invite the tribunal to disbelieve the previously unchallenged evidence; this amounted to cross-examination of the witness in his absence.

23. The full extent of the registered proprietor's evidence consists of a Witness Statement from Christopher Cairns of Murgitroyd & Company, the attorneys acting for them. This does no more than refer to written submissions filed by the registered proprietors, and provide extracts from various mentioned sources to bolster the statements relating to the date that the applicant's website came into being and that the company Matsuzaki (UK) Limited was incorporated and dissolved. They also provide some letters sent in 2004 by Murgitroyd & Company threatening action should the applicants use the mark, saying that this shows the applicant had been fully aware of the registration some three years prior to filing the invalidity. There is not a single word in the Witness Statement relating to the registered proprietor's use of MATSUZAKI, how they came to adopt it, or even to refute the allegations. The registered proprietors do make denials but in the referred to written submissions, a course of action that a suspicious person could conclude was to keep them away from the prospect of a challenge through cross-examination.

24. In the context of a non-use revocation Mr Arnold also held that in the absence of positive evidence of non-use it was not correct to impose a standard of proof requiring the provision of "certainty" and "conclusive evidence". Mr Arnold further stated that the standard of proof applied is the ordinary civil standard of proof upon the balance of probabilities. When applying this standard, the less probable the event alleged, the more cogent the evidence had to be to demonstrate that it did indeed occur. Accordingly, in the circumstances

of this case, I intend to take the applicants evidence and claims at face value in relation to the point it goes to, balanced against its probability/improbability.

25. There is no dispute that the applicant's company has a long-standing history and connection with MATSUZAKI, at least in Japan. They also have provided evidence of trade mark rights in a MATSUZAKI logo applied for in August 2001 and registered in September 2002, again in Japan and more crucially after the relevant date in these proceedings. The evidence of UK activity is thin, the only real certainty being that by an agreement dated 1 January 2008 (AP7) Matteck Matsuzaki granted exclusive distribution rights for the UK and Ireland to Andy Palmer Limited. Exhibit AP7 also includes details of UK and Irish trade mark applications for the mark MATSUZAKI made in the name of Matteck Matsuzaki Co Ltd but these also post-date the relevant date.

26. In a letter dated 12 September 2008 (AP6) in response to a fax of 10 September 2008 from Mr Mark Tillyer of Salon International, Mr Kunihiko Matsuzaki of Matteck Matsuzaki refers to his company's relationship with the registered proprietors, saying that they had been "doing the scissors business with Leader International comparatively for long time...". He mentions that after "several meetings and many letters in an attempt to improve sales "the scissors business with Leader has been stopped since the middle of 2006." In their submissions the registered proprietors repeatedly focus on the lack of evidence of any contractual link between them and Matteck Matsuzaki, and deny that any existed. Whilst evidence of such a commercial relationship could have been damaging to the registered proprietors case, the lack of it is not fatal to the applicants. In the *DAWAAT* trade mark case BL O-227-01 an application for a declaration of invalidity was filed on the ground that the *DAWAAT* registration was contrary to Section 3(6) in that at the time of making the application the registered proprietor was aware that the applicant intended to use or register the mark in the United Kingdom, the applicant was using the mark abroad and had made the application without any bona fide intention of using the mark. In considering the issue of bad faith the Hearing Officer posed three questions:

"21. In order to make out a prima facie case of bad faith in this case the applicant must show that the registered proprietor:

- a) had knowledge of the applicant's use of the mark DAAWAT in India prior to the date of its application for the registration of the same mark in the UK;
- b) had reasonable grounds to believe that the applicant intended to enter the UK market for rice under that DAAWAT mark;
- c) applied to register the mark DAAWAT in order to take unfair advantage of the applicant's knowledge of the registered proprietor's plans."

27. The Hearing Officer stated that a vague suspicion that a foreign proprietor might wish to extend its trade to the United Kingdom was insufficient to found such an objection. The decision was upheld on appeal to the Appointed Person ([2003] R.P.C. 11).

28. A letter dated June 22 (accepted as being in the year 2009) from Catherine Handcock, the publisher of Creative Head, attests to recognition of MATSUZAKI as a Japanese manufacturer of bespoke, top quality, hairdressing scissors that have been available in the UK

for around 20 years, which would place their presence around the time of the application. In response the registered proprietors submit that "...the publisher may be confusing the Proprietor's use with the Applicant's later swamping in the UK". The applicants for invalidation are a Japanese company whereas the registered proprietors clearly are not. The extract from the website "headfirst" taken on 25 June 2009 reporting the "salonsmart" event refers to MATSUZAKI as "The first company to produce a full steel scissor, and with a faithful following of top UK hairdressers...MATSUZAKI scissors are world renowned...". Taking this together I believe it is reasonable to infer that had there been another company using what is clearly a well known and highly regarded brand, Ms Handcock would, in all probability, have been aware of and mentioned this. To me it seems unlikely that there is confusion by Ms Handcock as to the origins of the MATSUZAKI branded scissors.

29. An e-mail sent on 22 June 2009 by Emma Postgate, Regional Sales Executive of Professional Hairdresser magazine also confirms awareness of MATSUZAKI being a Japanese manufacturer of professional hairdressing scissors. Ms Postgate states that her magazine has featured the brand editorially within the title, most recently in April [2009] involving a comparison of various scissors including MATSUZAKI.

30. The registered proprietors contend that both this e-mail and the letter from Catherine Handcock should be disregarded because there is some commercial or personal connection with the applicants that casts doubt on the veracity of the statements made. Sworn evidence would have been more persuasive, but I see no reason why I should disbelieve Ms Handcock or Ms Postgate, both of whom independently corroborate the connection of MATSUZAKI with the applicants, if not the length of that awareness.

31. The registered proprietors are silent on whether they, or perhaps more correctly, Salon Services (Hair and Beauty Supplies) Ltd who actually made the application, knew of the applicants or their use of MATSUZAKI in Japan at the time of making their application. They do not comment let alone deny that they were aware that the applicants were active in the UK selling scissors under the name MATSUZAKI at the time that they sought registration. The registered proprietor's reference to the applicants "swamping" is tantamount to an admission that they were aware of the applicant's trading in the UK, albeit some time after June 2009. Whilst not the strongest evidence it sits alongside the only reference to the registered proprietors own trading activities which consist of no more than an inference that could be drawn from the claim that the alleged "swamping" occurred "later" than the proprietor's use. Curiously, Salon Services (Hair and Beauty Supplies) Ltd were able to produce evidence of use which they relied upon when they encountered an official objection to the registration of MATSUZAKI. Provided that it showed use independent of the Matteck Matsuzaki such evidence could have been extremely persuasive in defending the allegation of bad faith.

32. The evidence clearly shows the registered proprietors to have a very long-standing relationship with the name MATSUZAKI in relation to hairdressing scissors extending many decades before the date of application for registration of the mark in suit. The origin of their connection with the name is well documented and unchallenged. They are credited as being the first to produce a full steel scissor, clearly a significant innovation, and to their world renowned scissors having a following of top UK hairdressers.

33. The applicants referred me to the fact MATSUZAKI is not an ordinary English word and is an unusual choice for a trade mark to be used in the UK. As a surname and apparently reasonably common it is possible that it could have been seen and adopted for use as a trade mark by someone from Salon Services (Hair and Beauty Supplies) Ltd. To adopt an unusual name for no apparent reason may be a coincidence, but doing so in respect of exactly the same single product produced by another company for so many years stretches the boundaries to implausibility.

34. Taking matters in the round I reach the conclusion that at the time of seeking registration the applicants had knowledge of Matteck Matsuzaki's use of the mark MATSUZAKI in Japan. The circumstances are such that it is reasonable to accept that at the very least they had grounds to believe that Matteck Matsuzaki intended to enter the UK market and trade in scissors under the MATUZAKI name, but more likely they were aware that they had already done so. I do not know what evidence of use was filed to gain acceptance but I do not consider it stretching credibility so far by suggesting that this may have been obtained through a trade in the applicant for invalidation's MATSUZAKI goods, but just as the registered proprietors have placed no reliance on this evidence, neither do I in reaching my decision. It is my view that Salon Services (Hair and Beauty Supplies) Ltd applied to register the mark MATSUZAKI in order to obtain an advantage and appropriate the applicant's mark.

35. In all of these circumstances I find that the allegation of bad faith to be established and the ground succeeds. The application for a declaration of invalidity is therefore successful which means that subject to any appeal, the registration in suit will be deemed never to have been made. Having been successful the applicants for invalidation are entitled to a contribution towards their costs. I therefore order that the registered proprietor pay the applicants the sum of £2,250. 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 21 day of July 2010

**Mike Foley
for the Registrar
the Comptroller-General**