

OHIM Invalidity division 10 december 2014, IEF 14468 (CHUNK - Noosa tegen Desir)

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OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET
(TRADE MARKS AND DESIGNS)

Cancellation Division

CANCELLATION No 9317 C (INVALIDITY)

Noosa Amsterdam B.V., Johan van Hasseltweg 26A, 1022 WV Amsterdam, Netherlands, (applicant), represented by **Hoyng Monegier LLP**, P.O. Box 94361, 1090 GJ Amsterdam, Netherlands (professional representative)

a g a i n s t

Desir

On 10/12/2014, the Cancellation Division takes the following

DECISION

1. The application for a declaration of invalidity is upheld.
2. Community trade mark No 10 542 447 is declared invalid in its entirety.
3. The CTM proprietor bears the costs, fixed at EUR 1 150.

REASONS

The applicant filed an application for a declaration of invalidity against Community trade mark No 10 542 447 for the word mark 'CHUNK'. The request is directed against all the goods and services covered by the CTM, namely:

Class 14: Rope chains (jewellery) as necklaces; Articles of jewellery; Jewellery of yellow amber; Ivory (jewellery); Enamelled jewellery; Rope chains (jewellery) as bracelets; Ornaments (jewellery); Beads for making jewellery; Jewellery of crystal coated with precious metal; Rope chains (jewellery) as anklets.

Class 26: Lace and embroidery, ribbons and braid; Buttons, hooks and eyes, pins and needles; Artificial flowers.

Class 35: Advertising; Business management; Business administration; Office functions.

The applicant invoked Article 52(1)(b) CTMR.

SUMMARY OF THE PARTIES' ARGUMENTS

The applicant argues that it designs, produces and sells high quality jewellery and accessories and has done since 2009. It sells jewellery in the Netherlands, Belgium, Germany, Denmark, Austria, Switzerland and Australia and has around 800 points of sale in these countries. It further refers to its website and that it holds the domain name 'noosa-amsterdam'.

The applicant submits that the CTM proprietor works in the retail of clothing and fashion accessories and that it takes unfair advantage of the popularity of 'Noosa'

jewellery by selling (ever closer) imitations of these products since 2012. The applicant refers to proceedings in the Netherlands and that the proprietor is a 'notorious counterfeiter' who has repeatedly lost court cases for infringing other parties' rights (exhibits submitted to prove this). The contested mark is such an example and has been filed in bad faith.

The applicant describes its jewellery as made of leather and high quality materials that use a 'press stud-system' allowing pieces to be personalised. The applicant describes its company beginnings and particularly the discussions relating to the choice of their brand 'CHUNKS' for this personalised, stud-system jewellery. The applicant submits a dictionary definition and explains that the term is perfectly distinctive since it is not frequently used on the market for such goods.

The applicant claims that the success of its brand and goods were reflected in the press and led to copycat situations. The applicant argues that the proprietor copied the term and started selling counterfeit Noosa jewellery while mentioning on its website 'fits on Noosa jewellery'. It also refers to the proprietor filing marks at both the Benelux and OHIM Offices and all of the aforementioned indicates bad faith. The applicant puts forth that not only does the proprietor sell jewellery via its website under the name 'chunk jewellery' but the goods themselves are imitations. In the Netherlands, court proceedings have been initiated by the applicant on the same grounds of bad faith.

The applicant refers to the identity of the marks and the goods and the knowledge of the proprietor of the applicant's brand and goods at the time of filing its mark. The applicant notes that producers in the fashion industry follow each other very closely and as such the proprietor would have been aware of the applicant and moreover it makes reference to the applicant on its website. Reference is made to a cease and desist letter sent by the applicant to the proprietor dated 14/12/2011.

The applicant submits that the proprietor has already been ordered twice by the Dutch courts to stop infringing the intellectual property rights of others and refers to cases of the District Court of the Hague (in annex). The applicant also refers to the way in which the proprietor does business and refers to several reviews on Google (from third parties) regarding the proprietor's intimidating and threatening mails and use of a mark pertaining to others. Moreover, the proprietor has contacted the applicant's manufacturers in Nepal in an attempt to reproduce the applicant's goods which clearly demonstrates their dishonest intentions.

The applicant refers to the proprietor's use of metatags and adwords all of which are Noosa-related and are indicative of coat-tail-riding on the popularity of the Noosa trade marks. Given the counterfeit goods, all of this shows unfair competition and the applicant's reputation is adversely affected by these confusing search results and there is an impression that the two entities are connected in some way. The applicant also submits that when searching 'Noosa' on the proprietor's website the applicant's goods are shown and this is also the case with 'chunk'. Thus on the whole there is clear bad faith.

Exhibits were submitted which will be referred to presently.

The CTM proprietor did not file any observations in the course of the proceedings.

ABSOLUTE GROUNDS FOR INVALIDITY – ARTICLE 52(1)(b) CTMR

General principles

Article 52(1)(b) CTMR provides that a Community trade mark will be declared invalid where the applicant was acting in bad faith when it filed the application for the trade mark.

There is no precise legal definition of the term 'bad faith', which is open to various interpretations. Bad faith is a subjective state based on the applicant's intentions when filing a Community trade mark. As a general rule, intentions on their own are not subject to legal consequences. For a finding of bad faith there must be, first, some action by the CTM proprietor which clearly reflects a dishonest intention and, second, an objective standard against which such action can be measured and subsequently qualified as constituting bad faith. There is bad faith when the conduct of the applicant for a Community trade mark departs from accepted principles of ethical behaviour or honest commercial and business practices, which can be identified by assessing the objective facts of each case against the standards (Opinion of Advocate General Sharpston of 12/03/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli', paragraph 60).

Whether a CTM proprietor acted in bad faith when filing a trade mark application must be the subject of an overall assessment, taking into account all the factors relevant to the particular case (judgment of 11/06/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli', paragraph 37).

The burden of proof of the existence of bad faith lies with the invalidity applicant; good faith is presumed until the opposite is proven.

Outline of the relevant facts

The facts and arguments presented by the applicant have been detailed above. These were supported by the following exhibits:

- Extract from the Dutch Chamber of Commerce regarding 'Noosa' (the applicant);
- Printout of Noosa's website and evidence that Noosa holds the domain name 'noosa-amsterdam' namely from 'Whois Domaintools';
- 'CHUNK' trade marks owned by Noosa (two Benelux marks, CTM No 11 681 525, IR No 1 142 072 designating inter alia the European Union);
- Extracts from the Dutch Chamber of Commerce regarding the legal entity 'Desir International B.V.'. It can be seen that it is a 'one man business' and the owner is the CTM proprietor (Desiré van den Berg van der Windt). This entry was 'de-registered' on 31/05/2013 and as from then the management of the company is continued by DESIR INTERNATIONAL B.V....'. a following excerpt for DESIR INTERNATIONAL B.V is included;
- Statement by Mrs N. Mangnus, one of Noosa's founders, concerning how the brand came into being. This is in the form of an email and states that Mrs Mangnus came up with the idea herself and that she didn't want anything descriptive such as bead, button or charm. The word 'CHUNK' derives from the Ben & Jerry 'chocolate chunk' ice-cream;
- Pictures of Noosa's Chunk accessories and information from the applicant's website showing that its brand and goods were advertised since June 2009 through to 2011;

- Examples of articles from the press regarding the applicant's brands and goods (2010-2011, these derive from magazines (Grazie, Flair, Viva, In Fashion, In for Women,) and websites (penottigirl.nl, Britsellog.eu, Linda, Kekmama) and all refer to the trade mark 'CHUNK' and the applicant company;
- Extracts from the proprietor's website showing statements such as 'fits on Noosa jewellery' and examples of what the applicant claims are examples of counterfeit goods. The website has numerous 'CHUNK' references as well as 'Noosa jewellery' ('Cheap Chunks snap button charms fit Noosa bracelets and belts');
- Extracts from the web showing that the proprietor only started selling 'chunk jewellery' after January 2012. Extracts from the website related to jewellery, charms and beads (Pandora, Trollbeads, Esprit charms) but nothing concerning 'CHUNK' (dated 28/05/2010, 08/10/2011). In an extract dated 20/01/2012, the following is stated: *'NEW: Chunks (push buttons) for Noose bracelets and belts of genuine leather. 14/06/2012, 'bracelets and belts with Chunks' are referred to with a mention 'These Chunks also fit leather Noose Amsterdam bracelets, belts, scarfs and sandals' and 'Cheap Chunks for your Noosa bracelets and belts'*
- Copy of the cease and desist letter dated 14/12/2011 sent by the applicant to the proprietor (14/12/2011). The letter states that the applicant company *'has recently noticed that your company offers bracelets, belts and chunks that are virtually identical to the bracelets, belts and chunks of NOOSA-Amsterdam. NOOSA-Amsterdam has not granted your company permission to produce and/or trade similar bracelets, belts and chunks. Producing and/or selling of works protected by copyright constitutes a communication to the public and a reproduction that is exclusively reserved to the owner of the copyright, or a form of use which is exclusively reserved to the owner of the copyright, or a form of use which is exclusively reserved to the design right holder, being NOOSA-Amsterdam. Your company therefore breaches the design rights and copyrights of NOOSA-Amsterdam'*.
- Cases of the District Court of the Hague 1) 14/04/2010 – HA ZA 09-2833 2) 02/12/2012 - KG RK 12-2058, concerning the infringement of intellectual property rights by the proprietor. The first is between the proprietor and 'Present Sieraden B.V' regarding the 'Pandora-style' ring on the proprietor's website which results in an infringement of copyright. The proprietor argued that it was not aware with who copyright lay but this was held not to be an argument of defence and the proprietor was charged with infringement of copyright. The second was with 'Stichting Pink Ribbon' and the case regarded infringement of Benelux trade marks pertaining to 'Stichting Pink Ribbon' but which featured on the proprietor's website. Mention is made of the use of adwords as well and the proprietor was ordered to pay a fine due to its infringement.
- Correspondence from Manushi, the Nepalese company with which Noosa exclusively cooperates with regard to the production of its products to the applicant company. The email dated 06/01/2012 concerns a phone call from a 'lady' from the Netherlands 'to see and buy chunks'. The employee from Manushi states that he refused due to the agreement with Noosa. Four days later an email was received from 'Desir international' stating that they are looking to manufacture '18mm snap' for their jewellery and asking for help. Some photos were received and the employee states 'some designs are ours, maybe they bought from you'. In its response the applicant informs the employee that this company is copying the NOOSA concept in the Netherlands and lawyers are working on this. The applicant also states that in their response they should confirm they produce 'the chunk exclusively for NOOSA'.

Assessment of bad faith

The evidence demonstrates that the applicant set up business in 2008 and shows the details of four different trade marks. One of these, Benelux trade mark No 914 187 pre-dates the mark at hand, the mark was filed on 29/12/2011 whilst the contested was filed on 05/01/2012. All of the marks are for 'CHUNK' and include the same classes as the contested mark (14, 26 and 35). Thus the applicant has an identical prior right.

The applicant has also submitted some evidence of use and though somewhat limited, there are extracts from the press and websites that demonstrate that the applicant has been using the mark in relation to the goods and services. The press excerpts date back to 06/02/2010 which is prior to any of the filings made by the parties concerned. The press releases clearly refer to both 'Noosa' (the applicant company) and 'CHUNKS' (the trade marks at issue) and describe how the jewellery stud system works and how this is also connected to their range of clothing. Some of the publications such as 'Grazia' are of significance and all of the excerpts derive from independent parties and offer information about where the goods can be purchased. With respect to the CTM proprietor, the applicant has also submitted extracts which show that until 08/10/2011 there was nothing on the proprietor's website regarding 'CHUNK'. An extract dated 20/01/2012 states '*NEW: Chunks (push buttons) for Noose bracelets and belts of genuine leather. 14/06/2012, 'bracelets and belts with Chunks' are referred to with a mention 'These Chunks also fit leather Noose Amsterdam bracelets, belts, scarfs and sandals' and 'Cheap Chunks for your Noosa bracelets and belts'.* These mentions of 'CHUNK' and the goods are clearly after the applicant's use.

Also of considerable weight is the copy of the cease and desist letter dated 14/12/2011 sent by the applicant to the proprietor. The letter states that the applicant company '*has recently noticed that your company offers bracelets, belts and chunks that are virtually identical to the bracelets, belts and chunks of NOOSA-Amsterdam. NOOSA-Amsterdam has not granted your company permission to produce and/or trade similar bracelets, belts and chunks. Producing and/or selling of works protected by copyright constitutes a communication to the public and a reproduction that is exclusively reserved to the owner of the copyright, or a form of use which is exclusively reserved to the owner of the copyright, or a form of use which is exclusively reserved to the design right holder, being NOOSA-Amsterdam. Your company therefore breaches the design rights and copyrights of NOOSA-Amsterdam.*' Though this relates to design and copyright breach it is important to note that the applicant's Benelux trade mark No 914 187 was filed on 29/12/2011 which is subsequent to this letter. Consequently at the moment the letter was drafted the applicant did not hold any registered trade mark rights and it can be considered that as a result of the infringement of their copyright and design rights the applicant decided to also register their trade mark rights. Indeed, the Benelux filing was made fifteen days after this letter. Moreover, the website extracts clearly confirm not only the breaches mentioned in this letter but also clearly relate to 'CHUNK' and the applicant company name. Also worth noting is that the contested mark was filed both after this letter and after the Benelux trade mark.

If there were any doubts as to the intentions of the proprietor and whether or not they are legitimate, the applicant has also submitted prior cases decided upon by the District Court of the Hague, both concerning the infringement of intellectual property rights by the proprietor. The first regards infringement of a 'Pandora-style ring' and the latter of 'Stichting Pink Ribbon' trade marks. These decisions show prima facie evidence of past dishonest intentions concerning intellectual property rights that pertain to others. Moreover the scenario is extremely similar, if not identical to that at hand and moreover the infringement of rights of others' can be seen from the excerpts of the proprietor's website, as furnished by the applicant.

Finally, the email dated 06/01/2012 from the 'CHUNK' branded jewellery manufacturers in Nepal shows that the proprietor wanted to visit the factory in order to 'to see and buy chunks'. This request was rejected due to the contractual arrangement with Noosa. Four days later an email was received from 'Desir international' (the CTM proprietor) stating that they are looking to manufacture '18mm snap' for their jewellery and asking for help. Some photos were received and the employee states 'some designs are ours, maybe they bought from you'. In its response the applicant informs the employee that this company is copying the NOOSA concept in the Netherlands and lawyers are working on this. The applicant also states that in their response they should confirm they produce 'the chunk exclusively for NOOSA'.

The applicant has also submitted extracts from the Netherlands Chamber of Commerce Commercial register which shows that 'DESIR INTERNATIONAL B.V' was a sole trader entity and that this was the CTM proprietor, at least up until 31/05/2013. All of the aforementioned pre-dates this and as such the CTM proprietor can clearly be linked with the 'Desir' website and the aforementioned company.

As stated in case-law, the fact that the CTM proprietor knows or must know that the invalidity applicant has been using an identical/similar sign for identical/similar goods for which a likelihood of confusion may arise is not sufficient for a finding of bad faith (judgment of 11/06/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli', paragraph 40). The same judgment also states that an indication of bad faith may exist if the CTM proprietor applies for a trade mark which is identical/similar to that of a third party for confusingly similar/identical goods and services and the earlier right is legally protected to some extent and the sole aim of the CTM proprietor is to compete unfairly by taking advantage of the earlier sign (paragraphs 46-47).

The evidence is indicative of bad faith since it demonstrates that the proprietor knowingly filed and registered a Community trade mark, identical to that of the applicant's and covering identical goods and services. The applicant had already contacted the proprietor via the cease and desist letter informing them of the breach of their design and copyright rights. The fact that trade marks were not mentioned at that time is not a legitimate reason for the proprietor to register a sign, knowing that another party is using it, particularly when they are already infringing other rights. Moreover there is evidence that the CTM proprietor has already encountered problems and faced fines due to infringing intellectual property rights that belong to others.

Further to this, the proprietor had the audacity to then contact the applicant's producers. The proprietor was informed of the exclusive contract with the applicant but the proprietor still attempted further contact. All in all, the evidence points towards an evident intention to compete unfairly via usurping the applicant's intellectual property rights and by undermining their manufacturing source.

The arguments of the applicant are fully backed up by the evidence presented and indicate clear parasitism, piggy-backing, to take advantage of the applicant's investments and efforts in the market (see in this respect judgment of 05/04/2014, T-0327/12 'Simca', paragraph 56).

Reverting to the aforementioned Opinion of Advocate General Sharpston, the CTM proprietor's actions reflect a dishonest intention and its conduct departs from accepted principles of ethical behaviour or honest commercial and business practices. In filing and registering the contested CTM, the proprietor has effectively put an obstacle to the applicant in its business activities on the European Union market. This could effectively prevent the applicant from carrying out its business activities which it has been

performing for a number of years prior to the filing of the contested CTM. As such the objective circumstances of the evidence and facts lead to a conclusion of bad faith. Moreover the CTM proprietor has not submitted arguments or evidence that would allow the Cancellation Division to reach a different conclusion or which could explain any legitimate expectations on behalf of the proprietor. It can only be ascertained that the proprietor knew of the applicant's legitimate claims to the mark and by filing and registering the mark at hand they have effectively usurped the applicant's trade mark rights.

Conclusion

In the light of the above, the Cancellation Division concludes that the application is totally successful and the Community trade mark should be declared invalid for all the contested goods and services.

COSTS

According to Article 85(1) CTMR, the losing party in cancellation proceedings must bear the fees and costs incurred by the other party.

Since the CTM proprietor is the losing party, it must bear the cancellation fee as well as the costs incurred by the applicant in the course of these proceedings.

According to Rule 94(3) and (6) and Rule 94(7)(d)(iii) CTMIR, the costs to be paid to the applicant are the cancellation fee and the representation costs, which are to be fixed on the basis of the maximum rate set therein.



The Cancellation Division

Frédérique SULPICE

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According to Article 59 CTMR, any party adversely affected by this decision has a right to appeal against this decision. According to Article 60 CTMR, notice of appeal must be filed in writing at the Office within two months of the date of notification of this decision. Furthermore, a written statement of the grounds of appeal must be filed within four months of the same date. The notice of appeal will be deemed to be filed only when the appeal fee of EUR 800 has been paid.

The amount determined in the fixation of the costs may only be reviewed by a decision of the Cancellation Division on request. According to Rule 94(4) CTMIR, such a request must be filed within one month of the date of notification of this fixation of costs and will be deemed to be filed only when the review fee of EUR 100 has been paid (Article 2(30) CTMFR).