

**DECISION OF THE CONTROLLER OF PATENTS, DESIGNS AND TRADE MARKS IN
PROCEEDINGS UNDER THE TRADE MARKS ACT, 1996**

In the matter of an application for registration of Trade Mark No. 248236 and in the matter of an Opposition thereto.

PREPAYPOWER LIMITED

Applicant

(Represented by William Fry Solicitors)

NEW MEASURED POWER LIMITED

Opponents

(Represented by Cruickshank & Co.)

The Application

1. On 6 December, 2012 (“the relevant date”), PrePayPower Limited, of 1st Floor, 19 Rock Hill, Blackrock, County Dublin, Ireland made application (No. 2012/02113) under Section 37 of the Trade Marks Act, 1996 (“the Act”) to register the sign PINERGY (“the disputed mark”) as a Trade Mark in respect of the following services in Class 39:

“Supply, storage, metering, transmission, distribution, delivery and transportation of energy, gas, gaseous fuel, electricity, oil and fuels; transport; packaging, storage and delivery of goods; advisory, information and consultancy services relating to the supply and distribution of gas, electricity and other forms of energy.”

2. The application was accepted for registration and advertised accordingly under No. 248236 in Journal No. 2223 dated 27 February, 2013.
3. Notice of Opposition to the registration of the mark pursuant to Section 43 of the Act was filed on 1 May, 2013 by New Measured Power Limited, of Riverside One, Sir John Rogerson’s Quay, Dublin 2, Ireland in relation to all the services covered by the application. The Applicant filed a counter-statement on 2 August, 2013 and evidence was, in due course, filed by the parties under Rules 20, 21 and 22 of the Trade Marks Rules, 1996 (“the Rules”).
4. The opposition became the subject of a hearing before me, acting for the Controller, on 28 May, 2015. The parties were notified on 15 July, 2015 that I had decided to uphold the opposition, on the basis that the application was made in bad faith, and to refuse the registration of the mark. I now state the grounds of my decision and the materials used in arriving thereat in response to a request by the Applicant in that regard pursuant to Rule 27(2) of the Rules.

Grounds of the Opposition

5. In its Notice of Opposition the Opponent states that New Measured Power Limited is a pay-as-you-go electricity provider trading under the business name PINERGY, which was registered on 15 October, 2012 offering low cost electricity to households. The Opponent's first use of the trade mark PINERGY was on 25 September, 2012 in Spar, Grand Canal Street, Dublin facilitated by Payzone online payments. The Opponent then raises objection to the present application under Sections 8, 10, 37 and 42 of the Act, which I shall summarise as follows:

- Section 8(4)(a) – *use of mark is prohibited by enactment or rule of law;*
- Section 8(4)(b) – *the application was made in bad faith;*
- Section 10(4)(a) – *use of the mark is liable to be prevented by virtue of the law of passing off;*
- Sections 37(2) and 42(3) – *the Applicant is not using the mark applied for, nor does he have a bona fide intention to use the mark.*

Counter-Statement

6. In its Counter Statement the Applicant admits the Opponent is currently providing services as an electricity service provider, but denies any knowledge of the Opponent providing such services or any other services prior to the date of application of the disputed mark. The Applicant denies each and every ground of opposition.

Rule 20 Evidence

7. Evidence submitted by the Opponent under Rule 20 consists of a Statutory Declaration and supporting evidence, by way of seventeen exhibits labelled "JW1" to "JW17", dated 6 February 2014, of Jeff Ward, Head of Finance for New Measured Power Limited.

8. In his declaration Mr. Ward states that his company has traded as PINERGY since at least October 2012 and a business name registration for PINERGY was completed on 15 October, 2012. He attaches at Exhibit "JW1" details of that registration. He says in 2012 his Company saw an opportunity to provide an alternative way for Irish energy consumers to pay for electricity. He explains that alternative way uses innovative technology relatively new to the Irish market that allows the customer to purchase electricity on a pay-as-you-go. Much like a mobile phone the customer can purchase "top-ups" online, by telephone, via SMS (texts) and in Payzone outlets nationwide. This means there are no bills, usage is paid for in advance, there is no doubt as to what the customer's electricity costs are and it allows the customer to track their

electricity usage. His Company installs a “*PINERGY Freedom Unit*” and “*Budget Controller*” in the customer’s home, into which the customer keys their power code.

9. Mr. Ward says that in advance of his Company’s launch extensive research and investigations were carried out to come up with a suitable name and the brand selected was PINERGY. In September 2012 the Opponent’s Trade Marks Attorneys searched to check the availability of the name. Subsequently the name was registered as a business name. Also the domain name pinergy.ie was registered and the website went live on October 11, 2013. He attaches at Exhibit “JW3” data relating to traffic to his Company’s website.
10. He explains that in the energy supply market there is a substantial amount of work which is required to be conducted before product launch. This includes an application for an energy licence, agreement with the Commission for Energy Regulation on codes of practice, terms and conditions and customer charters, the establishment and testing of payment services, development of systems to comply with electricity change of supplier protocols, sourcing and testing of budget controller supplies, and negotiations with retail partners.
11. Mr. Ward states there are currently six suppliers operating in the domestic supply of electricity, only two of which offer prepay as a choice – his Company and the Applicant. He says in addition to the selection of the PINERGY name in September 2012, his Company worked on designing an image for its brand, including artwork for the its website, publicity materials and the design of the PINERGY cards that are issued to customers to be used for electricity top-up purposes. He says temporary cards were issued initially, but the design of the final top-up cards was completed in December 2012. He attaches at Exhibit “JW4” a copy of an invoice from Identity dated 4 December, 2012 in respect of the purchase of 2,000 PINERGY top-up cards.
12. Mr. Ward states that his Company began advertising and marketing its services under the mark PINERGY in October 2012. At the relevant date for these proceedings his Company was providing its services to 43 individual customers at various locations in Ireland. On 15 October, 2012 his Company employed Peter Bastable and Daniel O’Malley as Head of Sales and Marketing, and Operational Manager respectively. Both individuals had had business dealings or worked with PrePayPower Limited previously.
13. Mr. Ward states that from September 2012 operational business premises had been set up, a customer services department was operational and his business was integrated with the Payzone

payment platform. He provides details of how the Payzone system works and attaches at Exhibit “JW5” materials relating to his Company’s interactions with Payzone, including an invoice, dated 28 September, 2012 in respect of set-up fees issued on foot of a purchase order dated 4 September, 2012. He says the technical integration of his Company with Payzone was completed in September 2012 and he attaches at Exhibit “JW6” a printout of a voucher showing the payment system was operational from 25 September, 2012. From that date his Company was trading, under its PINERGY brand, alongside and competing against other electricity suppliers such as Airtricity, Electric Ireland and PrePayPower. He attaches at Exhibit “JW7” two emails of 21 November, 2012 and 18 April, 2013 from Payzone and circulated to over 2,000 Payzone agents, the first of which informs retailers that they can now process payments for five different electricity companies including PrePayPower and PINERGY. Enclosed with that e-mail is a list of barcodes which retailers should enter in their point-of-sale terminals to process different top-up amounts for each of the five electricity companies.

14. His Company became aware in April, 2013 that a direct competitor in the pre-paid electricity market - PrePayPower Ltd. had filed an application on 6 December, 2012 to register his Company’s name PINERGY. On that same date PrePayPower Ltd. also filed trade mark applications to register the marks BUDGET ENERGY and PREPAYPOWER. He deposes that Budget Energy is a Northern Irish electricity company in the same business of pre-paid electricity supply in Northern Ireland which was founded in 2009 and was licensed and commenced trading in 2011. He states the Budget Energy name was well known within the business in December 2012 as one of only three electricity suppliers in Northern Ireland and as the only independent supplier of electricity there. He claims Budget Energy had announced its intention to extend into the Republic of Ireland market in late 2013 or early 2014, but prior to any formal announcement rumours were circulating in the industry that they would be entering the market in Ireland.
15. Mr. Wards states his Company became aware that PrePayPower Ltd. registered the domain name pinenergy.ie on 19 October, 2012 over a month after his Company’s pinenergy.ie domain was registered. Subsequently on 6 December, 2012 PrePayPower Ltd. also registered the domain name budgetenergy.ie. He says the domains “pinenergy.ie” and “budgetenergy.ie” are used to direct traffic to a launch page of PrePayPower Ltd.’s website and he attaches at Exhibit “JW8” a copy of the web pages of pinenergy.ie and budgetenergy.ie.

16. He avers that by the time the application was filed the Opponent had made extensive use of its PINERGY brand even though it was only on the market for a few months. By 6 December, 2012 the Opponent had 43 customers and installed budget controller units in their houses through which their electricity needs were supplied. He explained the process, which requires a technician to visit to the customer's house to install, "*a neat, user-friendly PINERGY Budget Controller and Freedom Unit*". At the relevant date he says a number of other customers would have been awaiting a visit from a technician. By the end of December 2012 his Company had 66 signed up customers with fully operational units. He attaches at Exhibit "JW9" an invoice dated 27 November, 2012, from the company contracted to carry out the installations of the units in customers houses, in respect of work carried out by the contractor during the 4-week period ending on 30 November, 2012. He also attaches at Exhibit "JW10" a list of installations between 20 September and 20 December, 2012, 43 of which predate the relevant date. He attaches at Exhibit "JW11" an invoice, dated 19 December, 2012 relating to a leaflet drop campaign, but this shows that the leaflet drops took place after the relevant date and has no probative value. Also "JW11" contains, and it appears unintentionally so, more detailed information on the installations exhibited in "JW10".
17. Mr. Ward attaches at Exhibit "JW12" a copy of an invoice, dated 5 December, 2012 and materials relating to marketing activities undertaken with the Irish websites www.joe.ie and www.her.ie. Exhibit "JW13" contains a copy of an invoice, dated 4 December, 2012 and materials associated with an advertisement that appeared in the December 2012 edition of "IPOA News", the official newsletter of the Irish Property Owners Association.
18. At Exhibit "JW14" he attaches a slideshow presentation given by a Mr. Paul Kinsella as part of Mr. Kinsella's studies for his masters in the University of Limerick. The study focuses on the start-up of PINERGY and included a communications strategy, an online video campaign and an overall presentation, all of which Mr. Ward claims could be seen and uploaded before the current application was filed. Mr. Kinsella worked on his project during October and November 2012 and made presentations on it to third parties during November and December 2012.
19. Mr. Ward says work was done on a PINERGY investor presentation that was shown to investors in October, 2012 and he attaches at Exhibit "JW15" materials made available to potential investors. He says Mr. Enda Gunnell, his Company's Chief Executive Officer, had spoken to 22 individual investors prior to the relevant date.

20. His Company's customer support telephone service was established in October 2012. Exhibit "JW16" consists of an invoice from a third party specialist provider for the period 26 October to 25 November, 2012 showing the number of calls received and handled. All calls were handled using the company name PINERGY. Exhibit "JW17" contains a detailed printout of a log of all calls handled from November to December 2012, dozens of which were handled prior to the relevant date.
21. Mr. Ward states it is apparent that at the relevant date his Company was up and running and that the PINERGY brand was already well known within the pre-paid power market and was growing in recognition. The application by PrePayPower Ltd. to register his company's name and brand is a deliberate intentional act to dispute his Company's business. The Applicant has never used the name PINERGY and are already well established under their name PrePayPower.
22. Mr. Ward concluded his evidence by stating the Applicant's bad faith in applying for the mark is also illustrated by the facts that the domain name pinenergy.ie was registered after his Company's domain and business names were registered and that the Applicant did not apply to register PINENERGY which it claims as its domain name. Furthermore, on the relevant date the Applicant also applied to register as a trade mark BUDGET ENERGY, the name of a well-known supplier of electricity in the Northern Ireland market.

Rule 21 Evidence

23. Evidence submitted by the Applicant under Rule 21 consisted of a Statutory Declaration of Cathal Fay, a director of PrePayPower Limited, dated 1 August, 2014. No supporting materials were attached to the declaration.
24. Mr. Fay makes it clear from the outset that his declaration is in response to the Notice of Opposition and the Statutory Declaration of Jeff Ward. He states PrePayPower is Ireland's first electricity supplier dedicated to providing pay-as-you-go electricity products and services. PrePayPower was set up in 2009, is a fully bonded member of the Single Electricity Market (SEM) and is licensed by the Commission for Energy Regulation (CER). With over 80,000 customers it is Ireland's largest pay-as-you-go provider.
25. He states there is some confusion as to whether New Measured Power Limited is in fact the appropriate entity to have filed the opposition as it is merely an agent acting on behalf of Water

Power Engineering, the entity licensed by the CER to supply energy to end users. He says it is reasonable to suggest that Water Power Engineering is the appropriate opponent and that no evidence has been adduced that there was any use of PINERGY by Water Power Engineering prior to 6 December, 2012.

26. He then goes on to question most of the Opponent's evidence. He states that proof of the business name registration of PINERGY by the Opponent on 15 October, 2012 (exhibited by the Opponent at "JW1") is not evidence that the Opponent was trading as PINERGY from that date. He questions why the Opponent describes technology it uses as the "*PINERGY Freedom Unit*" when such technology is already in use by other pay-as-you-go providers, and what the Opponent means when it says that such technology is "*relatively new to the Irish market*".
27. He states there is no evidence to support the claim in Mr. Ward's declaration that trade mark searches were carried out in September 2012 by the Opponent's Trade Mark Attorneys. This raises the question as to why the Opponent did not subsequently file a trade mark application for PINERGY. He questions the evidence, submitted by the Opponent at Exhibit "JW3", regarding the launch and availability of its website and points to the mention "*There was a static snapshot version of the site set up – with password access for the banks...*" which he says suggests that access to the site was restricted. That being the case the website was not accessible to the public. He also states the Opponent has not provided the specific date on which the website was fully operational and accessible by the public.
28. Mr. Fay questions the evidence provided by the Opponent relating to data traffic on the Opponent's website, in that it does not give a clear indication as to who exactly was using the site prior to 6 December 2012. He says the traffic could be a result of use of the website by the Opponent's employees or contractors and may not relate to the general public. He says a request to the website could have been made by a search engine 'spider', an automated program designed to search the Internet for links and other information. He then says the evidence does not make it possible to determine the length of time that an individual user spent on the site. Also because it cannot be assumed that each individual IP address that accesses the website represents an individual user, it cannot be determined with any certainty that each or any number of the hits detailed in the data provided represent individual users. He goes further and says the source of the information is not clear and that the evidence suggests that Google Analytics (the de facto standard in this area) was not set up until December 2012.

29. He questions the reliability of the evidence adduced at Exhibit “JW4” concerning the invoice dated 4 December, 2012 in respect of the purchase of 2,000 top-up cards. He says there is no proof that such cards were delivered to the Opponent, circulated to customers and in use prior to 6 December, 2012. No evidence was presented to support claims that temporary cards were used prior to this purchase.
30. Mr. Fay admits that Peter Bastable was employed by PrePayPower from January 2012 to October 2012, but states there is no record of his company ever having employed Daniel O’Malley.
31. He questions whether in fact the Opponent was integrated into the Payzone system in September 2012, as an e-mail dated 8 October, 2012 suggests the contract had yet to be finalised. He says there is also an e-mail from Payzone to retail agents, dated April 2013, reminding them that PINERGY was available. This suggests there was limited awareness amongst Payzone agents of the PINERGY brand and PINERGY products up to that point in time. Furthermore, no proof is provided of use of top-ups by PINERGY customers.
32. Mr. Fay says the Opponent’s claim it was trading alongside other energy providers on 25 September, 2012 is unsubstantiated. Exhibit “JW11” appears to show that there was only one meter installed prior to that date, and it was in respect of a Tadgh Gunnell, who Mr. Fay believes is related to Enda Gunnell, the CEO of the Opponent.
33. He says that the references in Mr. Ward’s declaration to the BUDGET ENERGY trade mark are not relevant to these proceedings. The domain name budgetenergy.ie is registered to and used by PrePayPower as the rightful registrar of such domain.
34. Mr. Fay questions the evidence, exhibited at “JW10” and at “JW11”, claiming the Opponent had 43 individual customers prior to 6 December, 2012. He says that in the context of 1.7 million domestic customers in Ireland, this is not a substantial amount. Also, he says the two lists contain names of employees and parties related to employees of the Opponent as well as customers.
35. He says no evidence has been adduced to support the assertion that the Opponent was “*engaged in advertising and marketing its services under the mark PINERGY during the period October 2012 to December 2012*”. Exhibit “JW12” contains an e-mail, dated 2 December 2012, from

Peter Bastable to PINERGY staff attaching the “*first ever Pinergy ad*”. There is nothing to suggest that the advertisement was made available to the public prior to 6 December, 2012. Nor, he says, is there anything to suggest the Opponent had built up any goodwill with the public by the relevant date. He says the €21,500 expended on advertising is not a significant amount to invest in promoting the mark and building up goodwill. No evidence has been provided to establish the extent or duration of the Opponent’s sales efforts.

36. He states the university project presentation by Mr. Paul Kinsella was created on 1 December, 2012 and while it was made available to the public and some Masters students at the University of Limerick it does not constitute the generation of goodwill prior to 6 December, 2012. Also the presentations made to potential investors do not constitute evidence of use of the mark in a trading sense in public prior to the relevant date.

37. He claims the evidence exhibited at “JW16” and “JW17”, relating to a customer support telephone service established in October 2012, provides only a very brief indication as to the nature of each call and does not constitute evidence of any goodwill attaching to the Opponent’s use of PINERGY.

38. He concludes his evidence by stating he made his solemn declaration for the purposes of responding to the Opponent’s Statutory Declaration and evidence.

Rule 22 Evidence

39. Evidence submitted by the Opponent under Rule 22 consisted of a second Statutory Declaration and supporting evidence, by way of three exhibits labelled “JFW1” to “JFW3”, dated 4 February, 2015, of Jeff Ward, Head of Finance for New Measured Power Limited.

40. He confirms his Company is the correct entity to have filed the opposition and there is no confusion despite what was implied by Mr. Fay. New Measured Power Limited is the company that first adopted and first used the PINERGY trade mark. His Company is simply a trade arm and agent for Water Power Engineering and trades under the name and trade mark PINERGY exclusively.

41. In response to Mr. Fay’s questioning whether any search was carried out by the Opponent’s Trade Mark Attorney to establish the availability of the PINERGY mark, Mr. Ward attaches at Exhibit “JFW1” a Statutory Declaration sworn by Mary Rose O’Conner, Partner, Cruickshank

Intellectual Attorneys confirming a trade mark search was carried out in September 2012. For her part Ms. O'Connor states that a search request was sent on 11 September, 2012 by her Company (she attaches a copy of the e-mail by which the request was made) to Thomson CompuMark UK requesting a search of the Irish and Community trade mark databases in respect of the mark PINERGY. On 17 September, 2012 the results of the search were reported back to her client who was advised the trade mark PINERGY was free for use and registration.

42. Mr. Ward states the failure of his Company to act when it was informed the mark was not being used by anyone has no bearing on these proceedings. His Company did subsequently apply for the mark in April 2013.
43. In response to questions raised by Mr. Fay regarding when the Opponent's PINERGY website went live, Mr. Ward attaches at Exhibit "JFW2" a copy of e-mail correspondence from Mr. David Jordan confirming the website www.pinergy.ie was live as of 11 October, 2012 and in the public domain. Mr. Fay explains that while the site was live a username and password was required to access the website content management system so as to continue to update and improve the site, which the Opponent did between October and December 2012.
44. He states Mr. Fay has provided no evidence to support his claims that employees of the Opponent could have been accessing the website or traffic could have been generated by a search engine spider. Mr. Ward says his evidence adduced under Rule 20 shows the length of time of each visit. In any event he says Mr. Fay does not dispute that the Opponent's PINERGY website was in fact operational and being accessed.
45. In response to Mr. Fay's claims that the Opponent did not provide any documents that would suggest top-up cards were in use by the public prior to 6 December, 2012 he attaches at Exhibit "JFW3" copies of documents showing top-up activations by customers. These show that between 20 September and 6 December 178 top-ups were conducted representing sales of €3,441.
46. Mr. Ward accepts that his understanding of the situation regarding the employment by the Applicant of Mr. Daniel O'Malley may have been incorrect. Mr. O'Malley may have been directly employed by Mr. Peter Bastable, who in turn was employed as a contractor by the Opponent.

47. He responds to questions raised by Mr. Fay concerning employees or relatives of employees appearing on the list of 43 customers by stating that in total 3 of the 43 are employees or are connected with PINERGY.

The Hearing

48. At the Hearing the Opponent was represented by Ms. Mary Rose O'Connor, Trade Mark Attorney of Cruickshank & Co. and the Applicant by Mr. Paul Coughlan BL, instructed by William Fry Solicitors. Ms. O'Connor restricted her arguments to the grounds of bad faith and passing off. I have already indicated that I refused the application for want of *bona fides* and it is therefore not necessary for me to consider the ground in respect of passing off.

Bad Faith

49. So far as is material, Section 8(4)(b) of the Act provides that:

“A trade mark shall not be registered if or to the extent that-

...

(a) The application for registration is made in bad faith by the Applicant.”

50. At the Hearing Ms. O'Connor presented the background against which the claim of bad faith is grounded. In essence her contention is that an established business, trading under the name PrePayPower since 2009, was acting in bad faith by filing a trade mark application for the mark PINERGY in December 2012. The Applicant was well aware of the Opponent's entry into the pay-as-you-go electricity market and lodged its application with the sole objective of scuppering, blocking or disrupting the Opponent's attempts to expand its presence and the establishment of its PINERGY brand in that market. The Applicant had no intention to use the mark applied for.

51. Mr. Coughlan addressed the issue of bad faith in terms of how the claim was made and countered by the Applicant. In his opinion the Notice of Opposition contains no particularisation of the charge. But in any event, in paragraph 1 of its Counter Statement PrePayPower stated:

“The Applicant notes that the Opponent is currently providing services as an electricity service provider. However, the Applicant has no knowledge of the Opponent providing such services or any services prior to the date of application for registration of the trade mark by the Applicant”

52. He argued the nub of the Opponent's charge of bad faith, which is also specifically denied in paragraph 4 of the Counter Statement, appears to be contained in paragraph 15 of Mr. Ward's first Statutory Declaration where he claims, inter alia:

"The application by a competitor for a trade mark registration of our company name and brand is a deliberate intentional act to disrupt our business"

53. Mr. Coughlan argued the intention to block a third party is an inherent part of a first to file registration system. By definition, any registration of a potentially worthwhile brand by one operator in a market will deny that brand to others. A complaint regarding such an outcome rings particularly hollow where it is shown that, as in the present case, one of those competitors was apparently thinking about applying to register the Mark but for reasons best known to itself decided not to do so.

54. Both parties directed me to a number of authorities regarding the principles to be applied in determining the issue of bad faith. These show that while there is no legal definition of "*bad faith*" it is accepted that it constitutes dishonesty, including dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Each noted the decision in *Lindt*¹ wherein the Court of First Instance noted the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date. Mr. Coughlan drew my attention to other findings in *Lindt*; in particular that the Court held that knowledge of other entities that are using the subject matter at issue is not *per se* bad faith. In its decision the Court stated:

"40. However, the fact that the applicant knows or must know that a third party has long been using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith.

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

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

¹ Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH. (Case C-529/07)

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

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

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

46. Equally, the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47. In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48. That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

49. That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

50. Moreover, as the Advocate General states in point 66 of her Opinion, the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors' freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51. Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed.

52. The extent of that reputation might justify the applicant's interest in ensuring a wider legal protection for his sign.

53. *Having regard to all the foregoing, the answer to the questions referred is that, in order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:*

- *the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;*
- *the applicant's intention to prevent that third party from continuing to use such a sign; and*
- *the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.*

55. Mr. Coughlan argued that in the present context the Court's observation in paragraph 49 are particularly noteworthy because they acknowledge that upset to the plans of a "newcomer in the market" is not *per se* bad faith. He noted that *Lindt* was among the authorities reviewed very recently in the High Court by Barrett J in *Marie Claire Netherland BV v. Controller of Patents*² when he summarised the relevant principles as follows:

"In summary, a review of the relevant case law suggests that the following principles can perhaps usefully be borne in mind when determining whether an application for registration has been made in bad faith by an applicant and thus that the trade mark in respect of which that application has been made cannot, under s.8(4) of the Act of 1996, be registered: (1) bad faith includes dishonesty; (2) bad faith includes dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced people in a particular area; (3) a relevant factor when determining whether there was bad faith is whether there has been a failure by the person against whom a charge was levelled to address that charge; (4) awareness that a party has been using an identical/similar mark for an identical/similar product in at least one EU Member states is not per se conclusive as to bad faith; (5) consideration must be given to an applicant's intention at the time of filing an application for registration; intention to prevent a party from marketing a product may be an element of bad faith; (6) a key issue arising is whether a mark is being used for its essential purpose, being to aid consumers in distinguishing products; (7) the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that such sign enjoys some level of legal protection is a relevant factor when determining whether an applicant acted in bad faith; (8) a person is presumed to have acted in good faith unless the contrary is proven; (9) an allegation of bad faith is a serious charge that must be proven with cogent evidence on the balance of probabilities; (10) it is not enough when seeking to establish bad faith to prove facts

² High Court decision of 1 April 2014 (Case 2013 No. 582Sp)

which are also consistent with good faith; (11) where a party cannot maintain a relative ground of objection to registration, bad faith involves some breach of legal or moral obligation by the third applicant towards the third party; (12) bad faith may exist where an applicant has sought or obtained registration of a trade mark for use as an instrument of extortion; (13) bad faith is not pertinent in a situation where there is a bona fide conflict between the trade mark rights, or perceived rights, of different traders; (14) it is not bad faith for a third party to seek, inter alia, a trade mark where the third parties are using similar marks and/or are using them in relation to similar goods or services; (15) the fact that one party is aware of and has previously clashed with another is not the same as saying a trade mark application by one of those parties is made in bad faith; (16) seeking to protect one's commercial interests where one considers that one's activities do not impinge on the core activities of another is not bad faith; (17) bad faith is the opposite of good faith; it generally involves but is not limited to actual or constructive fraud; it may merely involve a design to mislead or deceive or some other sinister motive; (18) in determining whether there is bad faith, a knowledge of third party use, an intention to prevent a third party marketing a product and the lack of an intention to use a trade mark, as well as the extent of the reputation enjoyed by the third party's sign at the time of the application are all relevant.

56. He added it is also important to emphasise that the parties to this opposition are competitors who are in dispute in relation to a trade mark that has a natural and obvious attractiveness in the field with which they are both concerned. The fact that PrePayPower appreciated the utility of the Mark and filed an application to register it ahead of the Opponent does not trigger a bad faith objection for the very reasons identified by Barrett J in *Marie Claire*.
57. Mr. Coughlan argued that the supposed grievance the Opponent seeks to articulate, much of which is founded on alleged use before the application was made on 6 December 2012, ignores the fundamental point that entitlement to a registered trade mark primarily turns on who was first to file an application for the mark and not who was the first to use the mark³. He argued no-one had any right to the mark at the relevant date – it was available for all. On this the law is clear – if no-one has an earlier right you are entitled to file a trade mark application. If there is no use there is also no legal or moral obligation not to apply.
58. He argued the Opponent had no rights in the mark at the relevant date. The Opponent had no market share and was in start-up mode. Being in start-up mode is not grounds for rendering the mark off-limits, nor are newcomers to the market given immunity for failure to seek trade mark registration. The concept of pay-as-you-go electricity is not new – in fact the Applicant was the first supplier to enter the market. The Opponent fell down and is now seeking to rely on bad faith as a back-up, which it is not entitled to do. The Opponent's case is based on a claim that it was using the mark and therefore anyone who applied to register it must be acting in bad faith.

³ Case T-257/11 *Pangyrus v OHIM* (Judgment of the general Court delivered 25 February 2015), at paragraph 62.

The Opponent is claiming that even if it did not have earlier rights the Applicant still acted in bad faith. However, the Courts have found that cogent evidence of bad faith is required – claims of disruption or unfairness are not enough.

59. Ms. O’Connor argues the Applicant never addressed the charge of bad faith which it is required to do. She contended the circumstances in these proceedings mirror those in *Montex v Controller and Diesel SpA*⁴ wherein O’Sullivan J had this to say at paragraph 29:

“In my opinion, the use of the word DIESEL in connection with jeans and other clothing is not self-explanatory. Counsel for the Opponent suggested the Applicant might have come across the Mark at a trade fair or in some such informal way. Whilst it is of course conceivable that the selection by Monaghan Textiles Limited of this word to use as a mark in connection with precisely the same range of clothing and for the same market in exactly the same way as had been done by the Opponent was a mere coincidence, such of itself would have required an explanation on the part of the Applicant. Once, however, a charge of lack of bona fides against the Applicant was made, on this ground, on behalf of the Opponent there could be no doubt, in my view, that such a charge required refutation.”

60. In reply Mr. Coughlan argued this case is not like *Montex v Diesel*. In *Diesel* the judge was clear that there was nothing obvious about *Montex*’s adoption of the word DIESEL for clothing. However, Mr. Coughlan maintained in this case the adoption of the mark is obvious. It is clearly made up of the word PIN which relates directly to the top-up code the customer receives and the word ENERGY which is a direct reference to the service the customer is purchasing.
61. I disagree with Mr. Coughlan for two reasons. Firstly, in my opinion, the selection of the word PINERGY for use in relation to pay-as-you-go electricity is clever. Like most clever things it only seems obvious after someone has had a Eureka moment and thought of it. One can clearly see how the mark was arrived at, but if it was obvious the Applicant, who was in the pay-as-you-go electricity business since 2009, would have come up with it long before December 2012. Secondly and more importantly, the fact is the Applicant failed to adequately address the issue of how it came to adopt the mark in either its Counter Statement or evidence. Providing an explanation at the Hearing, even one based on a claim of obviousness, is not a valid substitution for the lack of an explanation in sworn evidence. At a minimum it required the Applicant to explain how the clever idea, to put PIN and ENERGY together and to drop the leading “en” from energy, was arrived at. The Applicant’s evidence is silent on this and many other relevant issues.

⁴ *Montex Holdings v Controller* [2000] 1 ILRM 481

62. In light of the Applicant's silence on the fundamental issue of the origin of the mark applied for I have examined very closely what is exactly contained in the Applicant's evidence. Under Rule 20 and Rule 21 the parties are afforded an opportunity to adduce whatever evidence they desire in support of their case. The Opponent must furnish some evidence under Rule 20 or risk the Controller deeming the opposition to have been abandoned. While the Applicant may file evidence under Rule 21 any evidence it desires to submit should be in support of the Application. In these proceedings the Applicant chose to attack the Opponent's evidence without lodging a single piece of evidence in support of why its application should be allowed to proceed to registration. Mr. Fay topped and tailed his Statutory Declaration by stating he was making his declaration in response to the Opponent's Notice of Opposition and evidence. That is not the purpose of Rule 21, which is written in the following terms:

“If the person opposing the registration files evidence under Rule 20, the applicant shall, within three months of receipt of a copy of such evidence, file such evidence by way of statutory declaration as he or she desires to adduce in support of the application with the Controller and shall send a copy thereof to the opponent.” (my emphasis)

63. While it is normal for Applicants to question aspects of the Opponent's evidence the provision in Rule 21 is to afford the Applicant an opportunity to state its case and should not solely be used for the purpose of attacking the Opponent's case. The Applicant should focus primarily on its own case. The Applicant has been charged with a lack of bona fides, such charges having been clearly set out in both the Notice of Opposition and in the Opponent's evidence. These are serious charges and it is incumbent upon the Applicant to deal with them, but it failed to do so. The Applicant did not provide any explanation as to how it came to adopt the mark, nor did the Applicant even state, in its Counter Statement or evidence, that it is using the mark applied for or that it had a *bona fide* intention to so use the mark.

64. The Applicant challenges most aspects of the Opponent's evidence and questioned the claimed level of advertising, the number of customers, date of first use by the Opponent of PINERGY, and the level of public awareness of the Opponent and its claimed mark. However, I am satisfied that at the relevant date the Opponent had used PINERGY as a trade mark. While, the Opponent claimed to have had 43 customers by the relevant date, the Applicant argued that, taking duplication, employees and relatives of employees into account the real figure was much less. Irrespective of how one calculates the number of individual customers the evidence clearly shows the Opponent had customers in a number of counties, all of whom cannot be deemed to have had connections to the Opponent, other than in the normal customer/supplier sense, prior to 6 December, 2012.

65. I am also satisfied that significant work must be undertaken in order for a new domestic electricity supplier to acquire even a single customer. One cannot simply decide to commence supplying electricity to households and casually go about doing so. There are licencing requirements; agreement must be reached with the Commission for Energy Regulation (CER) on codes of practice, operational standards and customer charters. Protocols for change of supplier must be adhered to. Meters must be installed and tested. Also, the Opponent had to establish significant support structures in advance. A new customer service call centre was established and was dealing with calls way before the relevant date. The Opponent had to be integrated into a payment system to allow customers to purchase top-ups. The Opponent choose the Payzone system and, as independently verified by Payzone, customers had purchased 178 top-ups through Payzone on or prior to the relevant date, with the earliest purchases dating back to September 2012. The Opponent was attracting new customers and installing new meters into their homes prior to the relevant date. It was actively seeking investors and had made a number of approaches in that regard. The Opponent's website was live as of 11 October, 2012 and even a basic search for "*pay as you go electricity*" would have returned hits containing mention of both the Opponent and the Applicant. The Opponent may have been in the infancy stage of its development but there can be no doubt that at the relevant date it was trading, attracting custom and had put its trade mark PINERGY to use.

66. It is reasonable to assume that new customers who signed up did not do so lightly. They would have analysed the potential benefits and drawbacks of switching to a new supplier and of using a completely new method of payment. They had to arrange to switch from their current supplier, facilitate the installation of new meters in their homes and be prepared to purchase top-ups. I am satisfied that over 40 installations by the Opponent, in respect of around 30 individual customers, were completed and operational by the relevant date. While the Opponent did not embark upon an advertising campaign until December 2012, clearly the customers signed up prior to the relevant date had to had become aware of the Opponent by one means or another (most likely through its pinergy.ie website or a house call by a salesman) to enable them to sign up. The important fact is the Opponent had had signed-up members of the general public as customers for its service at the relevant date. If the general public knew of the Opponent than, clearly, so did the Applicant.

67. I am completely satisfied as to the state of the Opponent's business and its use of the trade mark PINERGY at the relevant date. In order to determine whether there was bad faith in the

making of the application at issue I must now consider what the Applicant knew at the relevant date, its motives behind filing the application and all materials relevant to the foregoing.

68. In its Counter Statement the Applicant claimed it had no knowledge of the Opponent providing electricity supply services prior to the date of application and denied it acted in bad faith in making the application. Little weight can be attributed to such claims in Counter Statements as these documents are typically industry-standard and contain little other than denial after denial. In my experience Applicants never admit anything of substance in Counter Statements and I treat all claims therein with an appropriate degree of caution. Oppositions inevitably succeed or fail on the strength or weakness of the evidence adduced by the parties. In these proceedings the Applicant did not adduce a shred of evidence to support its application. It did not explain how it came to adopt the mark, nor did it claim to be using or have an intention to use the mark.
69. The claim by the Applicant, contained in its Counter Statement but not repeated in sworn evidence, that it had no knowledge of the Opponent providing electricity supply services at the relevant date is, frankly, not credible. The entry into the market of the Opponent in 2012 brought the number of electricity providers in the Irish market to six. Of the five pre-existing companies only the Applicant was a pay-as-you-go supplier. It is simply not believable that the Applicant was so blind that it completely failed to notice the Opponent's entry into the electricity supply market, particularly given the Opponent would be the Applicant's first direct competitor in the pay-as-you-go segment of that market.
70. The evidence shows the Applicant applied to register the domain name pinenergy.ie after the Opponent had already registered and was using its pinergy.ie domain name. As the Applicant applied to register the PINERGY mark it is reasonable to draw the inference that the Applicant would have sought to keep its trade mark and domain name in sync by registering the pinergy.ie domain name, if it was available. But it was not available because the Opponent had got there first. So it seems the Applicant decided to register what it considered to be the next best thing – pinenergy.ie. In my opinion, it is wholly improbable the Applicant did not come across the Opponent's pinergy.ie domain name in November 2012, when it was preparing to register the pinenergy.ie domain name.
71. It appears that on 6 December 2012 the Applicant became enlightened and had a sudden and intuitive perception of the importance and benefits attaching to trade mark registration, when it applied to register three completely different marks. The Applicant had been in business since

2009 but only applied to register its own well-established mark PrePayPower on that day. Also, it applied to register BUDGET ENERGY, the mark used in Northern Ireland by a pay-as-you-go electricity supplier.

72. It is worth noting that there is a Single Electricity Market (SEM⁵) in operation on the island of Ireland. It is beyond doubt that operators in both jurisdictions, of which there were less than a dozen on the relevant date, would always be aware of each other. The nature of the business is such that suppliers constantly monitor the activities of other operators. Each would pay close attention to the rates charged by their competitors and any initiatives being launched to attract new customers. They are forever seeking to win over new customers and get customers to switch.
73. The Applicant maintains that its application to register BUDGET ENERGY is not relevant to these proceedings. I disagree. That registration is not under attack in these proceedings, nor is there any suggestion that there is anything wrong with the making of that application, but it is very relevant as it goes to the state-of-mind of the Applicant and its motives on that important day. In filing the three applications the Applicant was seeking to protect its position in the market. It sought to do so by applying to register its own mark and two other marks, used by others electricity suppliers, which on that date were not on the Trade Mark Register. It applied to register the mark BUDGET ENERGY used by an operator in another jurisdiction, about which rumours were circulating regarding a possible entry into the electricity supply market in this State. The BUDGET ENERGY mark was not used or registered here and it proceeded to registration unopposed. However, problems arose from the application to register the trade mark PINERGY, which was in use in the State by the Applicant.
74. It is obvious the Applicant knew about the Northern Ireland company and its mark BUDGET ENERGY. The Applicant sought to register the BUDGET ENERGY mark precisely to protect its business interests in the State, yet incredibly, somehow it claims it never knew anything about New Measured Power Limited and its mark PINERGY. Three marks used by three different electricity supply companies filed on the one day. The Applicant knew two, but claimed zero knowledge of the third. It just does not stack up.

⁵ SEM is a market of approximately 2.5 million customers; 1.8 million in Ireland and 0.7 million in Northern Ireland. Further development and regulation of the SEM is carried out by a joint decision-making body, the SEM Committee, which is constituted by two representatives of both the Commission for Energy Regulation and the Northern Ireland Authority for Utility Regulator who sit alongside an Independent Member and a Deputy Independent Member.

75. The Opponent was operational on the Payzone system by September 2012, a service the Applicant also uses. Payzone advised its agents in November 2012, that customers of five electricity companies, including PrePayPower and PINERGY could now pay their bills or purchase top-ups at Payzone outlets. Again, it is not credible that a user of Payzone would not be aware that its sole direct competitor was also using the Payzone platform.
76. Furthermore, Mr. Peter Bastable left PrePayPower and took up employment with PINERGY in October 2012. It is not believable that no-one in PrePayPower knew to whom Mr. Bastable was moving and the nature of its business.
77. This issue now rests on whether or not these facts are sufficient to make a finding the Applicant was acting in bad faith? At the Hearing Mr. Coughlan provided a robust defence of PrePayPower's application. He argued the trade mark system is first to file not first to use, that the Applicant filed first, that newcomers to the market are not entitled to special treatment or protection, that business name or domain name registration does not infer priority or use, that bad faith cannot be used as a fall-back ground of opposition to cover for other failings by an Opponent, that claims of disruption are not enough, that if there are no earlier rights there is no legal or moral obligation not to apply.
78. I agree with Mr. Coughlan and accept all of his arguments. However, these considerations only come into play if the Applicant applied to register the mark in good faith. Put simply the Applicant's primary motive must be its intention to use the mark so that it performs the essential function of a trade mark, that being to act as a guarantee of origin of the goods or services bearing the mark. The mark must perform that function or there must be a bona fide intention that it will perform that function. By using or intending to use the mark in accordance with its essential function the Applicant will benefit from a legal monopoly in the use of the mark and legitimately block others from using it. The issue rests on whether the Applicant's intentions were legitimate or whether they were driven by an unjustifiable determination or intent to scupper or block the Opponent.
79. Having considered the evidence, arguments and all other matter relevant to the question of bad faith I would summarise the salient facts, as I see them, as follows:
- a. The Applicant did not adduce any evidence which directly supports its application;
 - b. No explanation was provided as to how the Applicant came to adopt the mark;

- c. The Applicant did not create the mark PINERGY nor could it legitimately claim to be the proprietor of the trade mark in Ireland;
- d. The Applicant was aware that the mark applied for was being used by another in relation to the services covered by the opposed application;
- e. The Applicant already had a very successful brand in PrePayPower and there was no evidence to suggest the Application was seeking to replace its brand or embarking upon an expansion of its brand portfolio;
- f. The Applicant first applied to register its own well-established mark PrePayPower, in use since 2009, only on the same day it applied to register PINERGY and BUDGET ENERGY as a trade marks, both these marks being used by other electricity suppliers, albeit in Northern Ireland in the case of BUDGET ENERGY;
- g. The Applicant registered the domain name pinenergy.ie in November 2012 after the Opponent had already registered its pinergy.ie domain name;
- h. The Applicant sought to register PINERGY as a trade mark not PINENERGY, as per its domain name registration;
- i. A staff member of the Applicant went to work for the Opponent in October 2012;
- j. The Opponent and Applicant were two of only six operators in the electricity supply market in Ireland and each would have been fully aware of the others;
- k. The Opponent was the Applicant's only direct competitor in the pay-as-you-go sector of the market;
- l. The Opponent was using the same payment service provider as the Applicant;
- m. The Opponent had acquired customers by the relevant date;
- n. The Opponent was fully operational in the market at the relevant date, with a customer service centre, installation contractors and a website all in place; and
- o. The Opponent was using its trade mark PINERGY at the relevant date.

80. In order for bad faith to be proven, some misconduct on the part of the Applicant must either be shown by evidence adduced by the Opponent or it must be an inescapable inference drawn from the circumstances of the application. In today's world what constitutes dishonesty for one businessperson might be perfectly acceptable business behaviour for another. So, I will be guided by the word "reasonable" and apply the standard that reasonable people do not attempt to take for themselves that which is the property of another.

81. The circumstances in this case are such that no conclusion other than a finding of bad faith can be reached. This is a clear case of an absence of a *bona fide* intention to use the mark, being

coupled with an intention to block someone else from obtaining the mark. These two factors alone can be considered sufficient to constitute bad faith as the Court found in *Lindt*⁶ where it stated:

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

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

82. In addition, I consider the obvious omissions and frailties in the Applicant’s response to the charge of bad faith to be damning. The consequences of this must be that an adverse and inescapable inference should be drawn against the application.

83. I find the application was not made with the intention to use the mark in accordance with the essential functions of a trade mark. It was nothing other than a blatant attempt to hinder the Opponent in the operation and growth of its business. I am satisfied the Applicant’s actions do not match up to the standards of acceptable behaviour of reasonable people and I have no hesitation in finding the Applicant acted in bad faith in making the application, contrary to Section 8(4)(b) of the Act. Accordingly, I refuse to allow the application to proceed to registration.

Passing Off

84. Having found that the application offends against the bad faith provisions of the Act, I do not have to consider the matter in terms of the provisions of Section 10(4)(a) of the Act namely, in this case, passing off.

Dermot Doyle

Acting for the Controller

1 September, 2015

⁶ *Chocoladefabriken Lindt & Sprungli AG v Franz Hauswirth GmbH*. (Case C-529/07)