

EIP

Fox v Teleta: a Cautionary Tale for Potential Claimants

Fox Group International Ltd (“Fox”) pursued a claim for trade mark infringement and passing off against Teleta Pharma Limited (“Teleta”) but later discontinued after establishing the goods were legitimately branded and that Fox did not itself have the right to register the trade mark it alleged was infringed. Her Honour Judge Melissa Clarke commented the judgment was a “cautionary tale to potential claimants” looking to bring trade mark infringement proceedings.

Background

Fox supplies cosmetics in the UK including a dermal filler manufactured by Across Co., Ltd (“Across”) and branded Revolax. According to the distribution agreement under which Revolax was supplied Fox were prohibited from having or acquiring any IP rights. Despite this clause, Fox had registered REVOLAX as a UK trade mark in 2018.

Teleta also sold Revolax branded dermal fillers which Fox believed were infringing goods. Fox sent a letter of claim and, despite Teleta giving interim undertakings, issued their claim shortly after (incidentally in the wrong court). Fox argued substantial goodwill as the proprietor of the UK trade mark and requested an injunction.

In response Teleta counterclaimed, identified their authorised supplier of Revolax products and sought a declaration of invalidity of Fox’s REVOLAX mark on the grounds of “bad faith” within the meaning of section 3(6) of the Trade Marks Act 1994, given the rights asserted by Fox were not legitimately theirs for assertion. Teleta also brought a counterclaim for damages based on unjustifiable threats contained in the letter of claim pursuant to sections 21 and 21A of the Trade Marks Act 1994.

Fox discontinued their claim and therefore these proceedings dealt only with the counterclaim.

Bad Faith

Referencing the principles identified in *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch) along with those in *Koton* [EU:C:2019:724] and *Sky plc v SkyKick UK Ltd* [EU:C:2020:45], the Judge noted that Fox had applied for the UK trade mark six weeks after agreeing the Distribution Agreement which provided that Fox had no right to do so. She expressed that there was no credible evidence Across had agreed to the registration. Summing up, the Judge found Fox's intention in applying for the mark "dishonest" and "intended to undermine" the UK trade mark registration system as well as seeking to "distort competition by intending to prevent even legitimate sales" of Relovax products. Fox's trade mark had been applied for in bad faith, and thus was, and always had been, invalid.

Unjustified Threats

At trial Fox did not argue that the letter of claim did not contain unjustified threats and therefore the issue for decision was solely whether these threats were not actionable because Teleta was an importer of Revolax products. Under section 21A(4)(d) a threat of infringement proceedings is not actionable if the threat has been made to a person who has committed an infringing act as mentioned in subsection 2(a) or (b) of the act. The Judge discussed Fox's submissions which sought to interpret the wording of the legislation, but referred to Lord Diplock's comments in *Duport Steels Limited v Sirs* [1980] 1 WLR 142 that "where the meaning of the statutory words is plain and unambiguous it is not for the judges to invent fancied ambiguities". In summary, the Judge rejected Fox's submissions that other words should be read into section 21A(4) and relied on *Sabaf SpA v MFI Furniture Centres Ltd* [2014] UKHL 45 in discussion ultimately concluding that Teleta was not an importer. Accordingly, it was held the letter of claim contained actionable unjustified threats with damages to be determined.

Points to Note

This case serves as a reminder to potential claimants to carefully establish grounds for a claim in advance of beginning proceedings to prevent being in receipt of a legitimate counterclaim and associated costs as a result of an initial baseless claim. Whilst this approach might be "simple and seemingly obvious", potential claimants would be wise to not make the same mistakes.

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