

DECISION
of the Fourth Board of Appeal
of 20 December 2023

In case R 1055/2021-4

S.C. SCIO International S.r.l.

Str. Andrei Muresanu, No. 15
417495 Sanmartin, judet Bihor
Romania

EUTM Proprietor / Appellant

represented by Carmen-Augustina Neacsu, 12/3 Rozelor Street, 430293 Baia Mare,
Maramures, Romania

v

Mandelay Kft.

Szigetszentmiklós
Gyártelep 12001/33 hrsz.
2310
Hungary

Cancellation Applicant / Defendant

represented by Danubia Szabadalmi és Jogi Iroda Kft., Bajcsy-Zsilinszky út 16., 1051
Budapest, Hungary

APPEAL relating to Cancellation Proceedings No 42 120 C (European Union trade
mark registration No 10 683 531)

THE FOURTH BOARD OF APPEAL

composed of N. Korjus (Chairperson and Rapporteur), L. Marijnissen (Member) and
A. Kralik (Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 13 February 2012, S.C. SCIO International S.r.l. ('the EUTM proprietor') sought to register the figurative mark



as a European Union trade mark ('the contested EUTM' or 'mark') for the following list of goods and services:

Class 10: *Medical apparatus, instruments and articles.*

Class 35: *Marketing of medical apparatus, instruments and articles.*

Class 37: *Repair, maintenance and installation in the field of medical apparatus, instruments and articles.*

The EUTM proprietor claimed the colours: ochre, navy blue, dark brown and white.

- 2 The mark was registered on 20 August 2012 and has been duly renewed until 13 February 2032.
- 3 On 11 March 2020, Mandelay Kft. ('the cancellation applicant' or 'Mandelay') filed an application for a declaration of invalidity of the registered mark for all the above goods and services ('the cancellation application' or 'the application').
- 4 The cancellation application was based on three grounds: Article 59(1)(b) EUTMR (bad faith) ('ground 1'), Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR ('ground 2') and Article 60(1)(c) EUTMR in conjunction with Article 8(4) EUTMR, claiming a non-registered mark 'SCIO' in Hungary, Spain, Italy and the Netherlands ('ground 3').

5 Together with its application, the cancellation applicant filed a statement concerning the short history of the development, manufacture and marketing of a biofeedback device named ‘SCIO’ since 2002, and the substantiation of its claims, which can be summarised as follows:

- The ‘SCIO’ devices were put on the market in 2003, developed and sold by a predecessor-in-title to the cancellation applicant (Maitreya Kft., ‘Maitreya’) and another company (Eclosion Kft., ‘Eclosion’, the sister company of the cancellation applicant’s predecessor) which merged into Maitreya in 2009.
- The devices were manufactured by Maitreya and, on its behalf, by a Hungarian company (Pentavox Kft., ‘Pentavox’) and distributed by two others (Maitreya and Eclosion) which had exclusive right to purchase the devices from the manufacturer.
- Mr K.T. of the cancellation applicant was a director of Maitreya from 2003 until 2012, after Maitreya changed owner and he founded the cancellation applicant, Mandelay on 2 November 2011 to continue the business concerning the ‘SCIO’ devices.
- In this respect, assignment of rights agreements were concluded between Maitreya and Mandelay in which all rights to the ‘SCIO’ devices were assigned to the cancellation applicant. These rights covered the European Quality Certificate CE, which included both the ‘SCIO’ hardware and the software application then called ‘CLASP 32’.
- The main business of the EUTM proprietor was the distribution and sale of ‘SCIO’ devices imported from Hungary, and it acted as a sales agent to the predecessor-in-title of the cancellation applicant.
- The EUTM proprietor’s director is a Mr S., a former employee of Eclosion (i.e. a predecessor to the cancellation applicant), and from June 2006 the EUTM proprietor had an agent’s agreement with Eclosion for the distribution and sale of the ‘SCIO’ devices. The EUTM proprietor purchased all ‘SCIO’ devices from the cancellation applicant or with its consent.
- Due to Mr S.’s work as an Eclosion employee and the EUTM proprietor’s role as a distribution agent for ‘SCIO’ devices, the EUTM proprietor knew that by filing trade mark applications in the EU it would create a bar to use against the rights of the cancellation applicant and its other distributors.
- The EUTM proprietor has in fact used its ‘SCIO’ trade marks to oppose a trade mark application made by the cancellation applicant and has also sent warning letters to the cancellation applicant’s distributors asking that they cease and desist using the ‘SCIO’ name for the device at issue and their activities with the cancellation applicant.
- The first word element of the contested EUTM is identical to the earlier non-registered trade mark ‘SCIO’, while the second word element ‘INTERNATIONAL’ is non-distinctive and much smaller. The goods for which the contested EUTM was registered are identical to those for which the

earlier ‘SCIO’ trade mark is used, and the services, concerning these goods, are thus similar to the goods.

6 On 11 and 13 March 2020, the following evidence was filed in support of the cancellation application:

- Exhibit 1: A Maitreya company extract.
- Exhibit 2: An Eclosion company extract.
- Exhibit 3: A Mandelay company extract.
- Exhibit 4: Agreements dated 30 December 2011 for the transfer of rights of the ‘software required for the application of the universal electrophysiological product family SCIO’; ‘all rights pertaining to the said software products’ and the TÜV certificates by Maitreya to the cancellation applicant, with English translations.
- Exhibit 5: Official certificates of the European Community CE for the ‘SCIO’ devices, in the name of Pentavox, Maitreya and later the cancellation applicant.
- Exhibit 6: A copy of the termination of contract of employment of Mr S. from Eclosion dated 30 May 2008.
- Exhibit 7: Pentavox-Maitreya 2004 sales agreement dated 1 January 2004 which states that both the manufacturer (to produce) and the principal (to purchase) have exclusivity concerning the ‘SCIO’ devices, and the cooperation agreement signed on 2 May 2012 concerning the same devices in which the cancellation applicant has exclusivity for the sale of the devices made by Pentavox and the application software was confirmed property of the cancellation applicant (translation into English submitted on 8 October 2020).
- Exhibit 8: A contract between the EUTM proprietor and Eclosion entitled ‘Agreement of Sale and Purchase No 4 dated 1 June 2006’ in which Eclosion as the seller allows the EUTM proprietor as the buyer to buy, inter alia, SCIO Serial and SCIO USB systems produced by Pentavox.
- Exhibit 9: A declaration made by Mr J.K. of Pentavox dated 6 February 2014 stating that the sign ‘SCIO’ belongs to the cancellation applicant or its predecessor and a picture of the ‘SCIO’ device. It further states that Pentavox is primarily the manufacturer but its products have been sold exclusively to the cancellation applicant or its predecessor, with the exception of, inter alia, the EUTM proprietor which has purchased the devices not only in this way but also directly from Pentavox or other intermediaries for the sake of further sales. However, it states that when these sales occurred it was always with the consent of the cancellation applicant or its predecessor, and that Pentavox has not given permission to the EUTM proprietor to register the sign ‘SCIO’ or to have exclusive rights thereto. Pentavox alleges that in 2005 the EUTM proprietor has chosen its name directly for the commercialisation of the ‘SCIO’ products and Pentavox did not object to using such name.

- Exhibit 10: A declaration made by Mr K.T. dated 29 June 2017 which states that he was the Managing Director of Maitreya and a high ranking official of its sister company Eclosion and has been working with ‘SCIO’ devices since their development back in the period 1998-2000, and that both companies had the same owners and shared the sale of the biofeedback devices ‘SCIO’ to different geographical markets, until the two companies merged in 2010 and he became the CEO of the company which is now the cancellation applicant. All of the rights to the ‘SCIO’ device were then transferred to the cancellation applicant. From April 2012 it was agreed that the brands ‘SCIO’ and ‘EDUCTOR’ were to be owned by the cancellation applicant and that Pentavox under authorisation could make direct sale of the devices but only with the cancellation applicant’s consent. Pentavox was manufacturing the devices and had to obtain market authorisation in the relevant territories and these authorisations were issued in 2002. He states that, from May 2004 to May 2008, Mr S., a Romanian citizen who lived in Hungary, was employed by the company Eclosion and was involved in sales and engineering work concerning the ‘SCIO’ devices and often worked with Pentavox. After termination of his employment, he returned to Romania and established the EUTM proprietor’s company and still runs it. He also details the development of the ‘EDUCTOR’ brand, the seminar held in Germany in July 2012 and the sale of the first devices in 2013. This document also contains sales figures for the ‘SCIO’ and ‘EDUCTOR’ devices sold from 2003 until at least the beginning of 2017. In the second annex to this exhibit is a declaration that he sold a total of 144 ‘SCIO’ devices and 10 ‘EDUCTOR’ devices to the EUTM proprietor.
 - Exhibit 11: E-mails from distributors containing warnings from the EUTM proprietor stating that it owns various trade marks containing the element ‘SCIO’ and that nobody is allowed without its approval to market goods with this indication in the EU, the US, Japan, Turkey or Switzerland.
 - Exhibit 12: A selection of invoices and order documents dated in the period 2008-2009 for purchases of ‘SCIO’ devices by the EUTM proprietor, including orders placed by Mr S.
 - Exhibit 13: A selection of invoices from Mandelay to the EUTM proprietor for ‘SCIO’ devices in 2014 and 2015.
 - Exhibit 14: ‘SCIO’ devices EU sales data from the cancellation applicant, yearly from 2006 to 2017.
 - Exhibit 15: Evidence of sales concerning Europe by companies other than the EUTM proprietor.
 - Exhibit 16: A listing of the minimum training requirements.
 - Exhibit 17: Brochures of old annual conferences held by the cancellation applicant or its predecessors and organised by foreign distributors.
- 7 On 28 July 2020, the EUTM proprietor filed its observations in reply, which can be summarised as follows:

- Nobody knows who was the first to use the word ‘SCIO’ before 2005, the year in which the EUTM proprietor was established using this word in its commercial name.
 - If Maitreya was the first to use the ‘SCIO’ name, it was not proven that it was the only one entitled to register it as a trade mark.
 - The registered business activities of Maitreya and Eclosion concerned fields other than medical apparatus, so they were using the same ‘SCIO’ with goods unrelated to the goods of the contested EUTM.
 - The cancellation applicant was established six years after the EUTM proprietor in 2011, meaning that the EUTM proprietor used the word ‘SCIO’ six years before the cancellation applicant entered the market.
 - There is no provision on the trade mark or the name ‘SCIO’ in the agreements between Maitreya and the cancellation applicant from 2011.
 - Maitreya, Eclosion, Mandelay and Pentavox were not aware of the importance of a trade mark between 2006 and 2012. The EUTM proprietor registered the first trade mark, identical with its commercial name, in 2012 and did not forbid anyone to use it. The EUTM proprietor has enjoyed very good cooperation in the field. Moreover, ‘SCIO’ was and is still used by several companies without any restriction.
 - In any case the contested EUTM does not consist of the word ‘SCIO’ alone. This word is only a small part of the EUTM, which also has quite a complex figurative element in colour.
 - It follows that the application for the contested EUTM had been made in good faith.
- 8 On the same day, the following evidence was filed in support of the EUTM proprietor’s observations:
- Annex 1: A partial extract from an unidentified source (the EUTM proprietor states it is from the Hungarian Commerce Register for Maitreya) stating that a company is used for ‘other information technology and computer service activities’. The company or the source of the document cannot be identified from the document submitted.
 - Annex 2: A certificate of effective and non-effective company data from an unknown source which states that Eclosion was registered on 22 May 2002 and is involved in film, reproduction of recorded media, computer consultancy activities, other information technology and computer service activities.
 - Annex 3: A document of unknown origin (the EUTM proprietor states it is from the Hungarian Commerce Register for the cancellation applicant) which does not specify which company it refers to but states that the main activities of the company are the ‘manufacture of computers and peripheral equipment’. It also mentions, for example, ‘other retail sale of new goods in specialised

stores’, ‘retail sale of computers, peripheral units and software in specialised stores’, ‘organisation of conventions and trade shows’, ‘repair of computers and peripheral equipment’, ‘computer consultancy activities’, ‘other information technology and computer service activities’, ‘manufacture of irradiation, electromedical and electrotherapeutic equipment’ and ‘retail sale of medical and orthopaedic goods in specialised stores’.

- Annex 4: A registration certificate with an English translation for the EUTM proprietor’s company name in Romania from the date of 29 November 2005, with its main activity ‘Retail of medical and orthopedic articles in specialised stores’.
- Annex 5: Agreements dated 30 December 2011 for the transfer of rights of the ‘software required for the application of the universal electrophysiological product family SCIO’; ‘all rights pertaining to the said software products’ and the TÜV certificates by Maitreya to the cancellation applicant, in English.
- Annex 6: A certificate from TÜV Rheinland InterCert Kft certifying that the cancellation applicant has established and maintains a quality management system for medical devices being the design/development, manufacturing, distribution and servicing of universal electrophysiological biofeedback system, dated 23 February 2012.
- Annex 7: A copy of the declaration of Mr K.T. dated 29 June 2017 (see Exhibit 10 of the cancellation application).
- Annex 8: A mixture of two extracts which appear to be from the contract with the EUTM proprietor in 2008 and what seems to be a part of the cancellation applicant’s arguments.
- Annex 9: A declaration made by Mr J.K. of Pentavox dated 13 September 2017, according to which Pentavox has been the one company that has developed and manufactured the hardware known as ‘SCIO’ and ‘EDUCTOR’ from the beginning and solely, ‘SCIO’ from 2002 and ‘EDUCTOR’ from 2012. Maitreya, the EUTM proprietor and Mandelay were among the companies that distributed these devices from Pentavox in the past. The know-how of the development and all the adjacent rights have been transferred to QX World in May 2017 and Pentavox continues to be a subcontractor of the systems for QX World only. Any devices manufactured outside of QX World/QXSUBSPACE are not the original devices manufactured by Pentavox.
- Annex 10: A document from an unknown source but which appears to emanate from the EUTM proprietor and contains the same warning submitted by the cancellation applicant in the emails and which shows that the EUTM proprietor warned that others could not use its SCIO sign on goods as it held trade marks containing SCIO (see Exhibit 11 of the cancellation application).
- Annex 11: Three headings for ‘QX World Conference’ for the years 2007, 2008 and 2010 (see Exhibit 17 of the cancellation application).

- Annex 12: An English translation of ‘Exclusivity Contract No 3’ dated 12 December 2005 between Pentavox and the EUTM proprietor, for the latter’s import, storage and marketing distribution of the product ‘Universal Electrophysiological System Type SCIO/OXCI: SCIO and FETAPHON models table version and portable version’ in Romania and Europe.
 - Annex 13: An unidentified extract appearing to be from the cancellation applicant’s arguments and stating that it had underestimated the significance and power of a European trade mark which was regrettable.
 - Annex 14: A copy of an email dated 22 August 2013 from a company in France stating that it had seen the ‘Scio International Trade mark EDUCTOR’ and wondering if that meant that they could not sell ‘SCIO or EDUCTOR anymore’.
- 9 On 8 October 2020, the cancellation applicant filed further observations, contesting the EUTM proprietor’s arguments and interpretations of the evidence. It also contested the existence and validity of the alleged exclusivity contract between Pentavox and the EUTM proprietor (the EUTM proprietor’s Annex 12). It filed more evidence, namely:
- Exhibit 18: A company extract of Pentavox.
 - Exhibit 19: A letter from Danubia, the cancellation applicant’s legal representative, to the EUTM proprietor’s representative on 4 June 2019 trying to reach a settlement in the matter.
- 10 On 11 December 2020, the EUTM proprietor asked the Cancellation Division to take a decision on the basis of the documents already filed by the parties.
- 11 By decision of 5 May 2021 (‘the contested decision’), the Cancellation Division upheld the application for a declaration of invalidity on the basis of its ground 1, Article 59(1)(b) EUTMR (bad faith) and declared the contested EUTM invalid in its entirety. It ordered the EUTM proprietor to bear the costs. It gave, in particular, the following reasoning for its decision:
- The signs are deemed to be at least similar due to the coincidence in ‘SCIO’, (which is the most important element of the contested mark) in both signs.
 - The goods covered by the contested mark are identical to the specific types of medical apparatus, namely electrophysiological biofeedback devices, for which the earlier sign is used. The services *repair, maintenance and installation in the field of medical apparatus, instruments and articles* in Class 37, covered by the contested mark, are similar to the cancellation applicant’s medical devices. As for the *marketing of medical apparatus and instruments in the field of medical apparatus, instruments and articles* in Class 35, a certain relationship cannot be denied. The cancellation applicant does not have to prove that all of the contested goods and services are similar, as there can be bad faith which results in the rejection of the EUTM in its entirety, even where some of the goods or services are dissimilar and, in this

case even the dissimilar services in Class 35 have a certain relationship with the earlier goods and services.

- The evidence shows that the cancellation applicant held prior rights to the sign ‘SCIO’ for identical goods and some similar services and some related services, and that the EUTM proprietor was aware of these earlier signs due to its employment in the cancellation applicant’s sister company that sold the same devices containing this software prior to the date of filing. The EUTM proprietor also bought, with the consent of the cancellation applicant, devices from the cancellation applicant’s predecessor prior to the date of filing of the EUTM and, therefore, was clearly aware of the existence of these earlier signs. The EUTM proprietor then filed for the registration of the contested EUTM which contained its company name but with the distinctive element ‘SCIO’ at the top of the sign, which, as the evidence established, it knew was being used by the cancellation applicant and its predecessors-in-title.
- Although the EUTM proprietor had put ‘SCIO’ in its Romanian company name in 2005, it did so after having direct knowledge of the cancellation applicant’s sign. The mere fact that the EUTM proprietor has included the word ‘SCIO’ in its company name or that it filed other trade marks does not show good faith at the time of filing the EUTM, as claimed by the EUTM proprietor, as even the original filing of its company name was done after it had knowledge of the cancellation applicant’s earlier sign.
- The EUTM proprietor opposed the cancellation applicant when it tried to register its sign ‘SCIO’ in the EUIPO which points towards the EUTM proprietor’s intentions to restrict the cancellation applicant from entering the market and consequently, it was putting a barrier in front of the cancellation applicant to protect its rights to the sign in the EU and as such its future trading within the EU. It argued that it had not tried to prohibit anyone from using the sign SCIO but yet it filed opposition proceedings against the cancellation applicant when it tried to register the sign and posted warnings on social media to warn others not to use the sign as it held the trade mark rights.
- The first-to-file rule has an exception and that is when bad faith is proven. Therefore, the fact that the EUTM proprietor filed the trade mark first does not mean it cannot be invalidated if bad faith is proven. The cancellation applicant owned the trade mark rights to the sign and therefore, had a right to challenge the registration of the sign and the EUTM proprietor was aware of this for the reasons pointed out above. It follows that the EUTM proprietor filed the contested EUTM in bad faith.
- The EUTM proprietor argues that there were no registered trade marks called ‘SCIO’ prior to 2012 when it registered various marks containing the sign, even though many companies were selling goods under the sign. The EUTM proprietor claims that it was established in 2005 and this is the moment that the reputation of the word ‘SCIO’ began to rise, and the cancellation applicant was not established until 2011 so they could not be the first company entitled to use the sign. The fact that there were no marks for ‘SCIO’ is not relevant as the EUTM proprietor was well aware that the cancellation applicant was using the sign for years before the filing of the EUTM. Moreover, the EUTM

proprietor had first-hand knowledge of the existence of the rights to the sign on the part of the predecessor of the cancellation applicant before the EUTM proprietor's company was established. It is not the success of the mark but who had the earlier rights to the sign, and they lie with the cancellation applicant. The cancellation applicant has shown that it (or its predecessors) was using the 'SCIO' mark on its medical devices. The cancellation applicant had not objected to the use of 'SCIO' in the EUTM proprietor's company name when it acted as a distributor in Romania but that did not mean that it consented to the EUTM proprietor seeking to register the contested sign to gain exclusive trade mark rights and later to oppose the cancellation applicant's filing for the sign 'SCIO'.

- The EUTM proprietor also points to the Hungarian Commerce Register to argue that Maitreya, the cancellation applicant and Eclosion had different business activities and argues that this proves it was not making medical devices. However, the fact that some different business activities are on the register does not take away from the fact that there is concrete evidence on file that these companies were involved in the production or sale of medical devices. Indeed, the EUTM proprietor is correct in asserting that CE certificates are not trade mark rights. However, as these certificates are necessary in order for medical devices to be sold in the EU, they are a good indication of the company responsible for the production of the devices and in this case that company was the cancellation applicant (or its predecessor). The fact that the EUTM proprietor had an exclusivity agreement to sell in Romania and could also market the goods in other countries does not mean that it was allowed to register trade marks in its own name when it was merely a distributor of the cancellation applicant. The agreement dated 12 December 2005 in Annex 12 of the EUTM proprietor's evidence itself is rather clear when it included a clause stating it would not infringe the industrial property rights held by Pentavox. There was no transfer of intellectual property rights, including trade mark rights to the EUTM proprietor. It was merely allowed to sell the goods in a specified territory but not claim the trade mark for the entire EU. Moreover, this contract was for five years from 12 December 2005, concluded prior to the filing of the EUTM and no evidence was submitted to prove that the agreement continued after this date. Therefore, this evidence does not show that the EUTM proprietor had a right to file a trade mark for the contested mark or that any express consent to do this was given.
- The EUTM proprietor argues that the cancellation applicant was aware of the filing of the EUTM for a long time but did not oppose it. However, the evidence is not conclusive as to on which date the cancellation applicant or any of the related companies became aware of the filing of the EUTM. In Annex 14, the EUTM proprietor submitted an email from a company which was sent to the cancellation applicant but it only refers to the filing of the 'EDUCTOR' trade mark and not a mark containing 'SCIO' so this cannot show knowledge in 2013 of the sign. The declaration mentions that it was not aware of the significance of the trade mark registration and that it was regrettable, but it does not show when or how it actually found out that the EUTM was registered. The EUTM proprietor did not specifically argue acquiescence but did imply it in its arguments. However, there is no evidence

to prove the date of knowledge of the existence of the EUTM. Moreover, when a trade mark is filed in bad faith, it can be attacked at any time, so acquiescence is not a defence in this case. Also, the prior proceedings between the parties involve different trade marks and as such there can be no plea of res judicata either as the subject matter is different, even if they contain similar rights; nor was there any reason to suspend the proceedings to await an outcome in the other cases. Therefore, these arguments were set aside.

- In the light of the above, the cancellation application is totally successful, and the European Union trade mark should be declared invalid for all the contested goods and services.
 - Given that ground 1 succeeded entirely, it was unnecessary to examine grounds 2 or 3.
- 12 On 15 June 2021, the EUTM proprietor filed an appeal against the contested decision, requesting that the contested decision be set aside in its entirety. The statement of grounds of the appeal was received on 27 July 2021.
- 13 In its response, received on 9 November 2021, the cancellation applicant requested that the appeal be dismissed.
- 14 By decision of 17 January 2022, notified to the parties on 2 February 2022, the appeal was reallocated from the Fifth Board of Appeal to the Fourth Board of Appeal with the reference number R 1055/2021-4.

Submissions and arguments of the parties

- 15 The arguments raised in the statement of grounds by the EUTM proprietor may, to the extent relevant, be summarised as follows:
- It is firstly requested that the current proceedings be suspended until a final decision is taken in cancellation proceedings No 17 367 C, as was the case for cancellation proceedings No 42 160 C (concerning EUTM No 15 490 717 ‘SCIO THETA’ filed by the same party as here), because the present proceedings are based on the same earlier right, EUTM No 11 191 194 ‘SCIO’.
 - Since the EUTM proprietor’s company name, established in 2005, contains ‘SCIO’, the only way anyone can establish an earlier right for the name ‘SCIO’ is to prove use of this name before 2005, which has not been done, nor has Maitreya provided any proof of legal protection of ‘SCIO’ prior to 2005. There is no proof of the use of the ‘SCIO’ name before 2005.
 - The EUTM proprietor has never forbidden the cancellation applicant from using ‘SCIO’. The declaration of the cancellation applicant’s Mr K.T. states that the EUTM proprietor ‘produced and sold biofeedback devices from one of the Mandelay firms and a few pieces directly from Pentavox to which I gave my consent’, which is in favour of the EUTM proprietor.

- The transfer of rights to the name ‘SCIO’ between Maitreya and Mandelay took place in 2011, six years after the EUTM proprietor was established with ‘SCIO’ in its name, and which it used thereafter. Article 9 of the Paris Convention protects commercial names, no matter if part of a trade mark or not.
- The EUTM proprietor had an exclusive contract with Pentavox signed on 12 December 2005 which gave it exclusivity in Romania and Europe. In addition, contrary to Mandelay’s account that Pentavox produced ‘SCIO’ devices since 2001 only for it, it also bought ‘SCIO’ devices from QX World Kft (‘QX World’).
- Pentavox did not object to the EUTM proprietor using ‘SCIO’ in its company name as from 2005. The cancellation applicant says that ‘SCIO’ belongs to it and its predecessors-in-title, but also says that Pentavox, which is not a Mandelay company, was producing ‘SCIO’ devices for Mandelay in 2002: the proof it gives is only in 2006 after the EUTM proprietor had been established. The 2011 declaration from Pentavox confirms that Pentavox produced ‘SCIO’ devices from 2002. Looking at this and the 2005 exclusive contract, it shows that Mandelay was not the first to use the ‘SCIO’ name.
- In cancellation proceedings 17 366 C (‘EDUCTOR’), the invalidity application was rejected (16/04/2019, 17 366 C, ‘EDUCTOR’) because the cancellation applicant failed to file information on the legal protection granted to the non-registered mark invoked, and so had failed to establish the existence of the non-registered trade mark ‘EDUCTOR’. The same is true here, since all the evidence dates after 2005.
- There were other companies using the name ‘SCIO’ besides the cancellation applicant and its predecessors in title, as Annexes 12 to 14 show.
- The EUTM proprietor was the first to file for a ‘SCIO’ trade mark, and it has not been demonstrated that this was done in bad faith nor that the cancellation applicant has suffered any damage from the registration of the contested EUTM.

16 The following documents were submitted with the statement of grounds:

- Annex 1: A print-out from EUIPO eSearch for EUTM No 11 191 194 ‘SCIO’, showing ‘registration cancellation pending’.
- Annex 2: An EUIPO notification dated 21 April 2021 that cancellation proceedings No 42 160 C for EUTM No 15 490 717 ‘SCIO THETA’ were suspended in light of the appeal to the General Court in case T-86/20. The suspension would last until a final decision was taken in those proceedings.
- Annex 3: A copy of Mr K.T.’s declaration dated 29 June 2017, already previously filed as Annex 7 and excerpts from the cancellation applicant’s Exhibit 5, namely English translations of EC Certificate for Pentavox dated 6 April 2006 to show that it has a quality system which assures that the products from the planning phase to the final control in all periods comply with

the directive requirements, with an attachment dated 16 May 2007 stating that the certificate concerns inter alia ‘SCIO’ and ‘SCIO Q’ products.

- Annex 4: Certificates issued for Maitreya in 2010, also filed previously in Exhibit 5.
 - Annex 5: Maitreya-Mandelay Agreement dated 30 December 2011, previously filed as Exhibit 4.
 - Annex 6: Copies of five shipping documents and invoices issued by the EUTM proprietor in 2009 and 2011.
 - Annex 7: A copy of an English translation of ‘Exclusivity Contract No 3’ dated 12 December 2005 between Pentavox and the EUTM proprietor, already filed as Annex 12.
 - Annex 8: A copy of Mr J.K.’s (of Pentavox) declaration dated 6 February 2014, already filed as Exhibit 9.
 - Annex 9: Copies of an electronic invoice dated 7 July 2017 and email of 5 September 2017 concerning Mandelay ordering one complete ‘SCIO’ system from QX World.
 - Annex 10: An unsigned declaration dated 16 May 2011 by Mr J.K. of Pentavox to EMG/SCIO International stating that the latter has been the sole distributor for the entire German-speaking area ‘since (month/year)’ and referring to the companies SCIO-San Slike Polifka and SCIO-medical from Livinstar, which are not Pentavox distributors.
 - Annex 11: An extract from the Cancellation Division’s decision 16/04/2019, No 17 366 C, rejecting an invalidity application against Mandelay for the EUTM ‘EDUCTOR’.
 - Annex 12: A copy of an email dated 29 November 2004 from ‘quantumalliance2003’ to ‘qxc-english’ ‘A Weekly *EPFX/SCIO e-Zine’ mentioning a Quantum Masters Congress.
 - Annex 13: A copy of an email dated 12 December 2004 from Ms K.W. to ‘qxc-english’ re. new training materials and machine pricing, referring to ‘the SCIO portions’.
 - Annex 14: A copy of an email dated 11 December 2004 from ‘quantumwellness’ to ‘qxc-english’ re a veterinarian practitioner.
- 17 The arguments raised in the cancellation applicant’s response may be summarised as follows:
- There is no reason to suspend these proceedings. The contested EUTM was filed earlier than the one forming the subject matter in the other proceedings, which can have no bearing on the earlier contested EUTM.

- The EUTM proprietor’s assertion that the contested EUTM application was not opposed does not extricate it from bad faith, and its assertion that the EUTM proprietor forbade nobody to use the ‘SCIO’ marks is simply not true. It can be seen in the evidence filed that in fact the EUTM proprietor did prohibit others from using ‘SCIO’ and from registering it as a trade mark. As for the EUTM proprietor’s company name, this gives it no right to file for trade marks containing the distinctive element ‘SCIO’, since the rights in that regard belonged to the cancellation applicant, as the evidence shows. The EUTM proprietor was simply an agent (distributor) of ‘SCIO’ devices for the cancellation applicant or its predecessors and was never given the right to apply for trade marks consisting of or including the distinctive element ‘SCIO’. There was no legitimate objective in its filing the contested EUTM.
- In addition, the copy of the contract dated 12 December 2005 raises serious doubts, since it is allegedly an English translation but without the original. It refers to ‘S.C. Pentavox’, which is not the name of the Hungarian partner, ‘Pentavox Kft’. The company register shows that the alleged signatory was not in fact authorised by that company as of that date, and the contract refers to a company number that was awarded only eight months after the alleged date of signing. As such, no consequences should be derived from this document.
- The development, manufacture and sale of the ‘SCIO’ system was going ahead at full steam before 2005, so there is no need to file extra evidence concerning proof of use between 2002 and 2005. 2005 is not the key date in these proceedings, but rather it is the date of the filing of the contested EUTM, 13 February 2012.

Reasons

- 18 All references made in this decision should be seen as references to the EUTMR (EU) No 2017/1001 (OJ 2017 L 154, p. 1), codifying Regulation (EC) No 207/2009 as amended, unless specifically stated otherwise in this decision.
- 19 In view of the date of submission of the application for registration of the contested EUTM, that is to say, 13 February 2012, which is decisive for the purposes of identifying the applicable substantive law, the facts of the case are governed by the substantive provisions of Regulation (EC) No 207/2009 (see, to that effect, 29/01/2020, C-371/18, SKY, EU:C:2020:45, § 49 and the case-law cited; 23/04/2020, C-736/18 P, GUGLER (fig.) / GUGLER France, EU:C:2020:308, § 3). Furthermore, in accordance with settled case-law, procedural rules are generally deemed to apply on the date on which they enter into force (11/12/2012, Commission v Spain, C-610/10, EU:C:2012:781, § 45 and the case-law cited; 08/09/2021, T-86/20, Scio / Scio, EU:T:2021:557, § 17).
- 20 Accordingly, in this case, first, with regard to the substantive rules, the references made by the Cancellation Division, in the contested decision, and by the parties, in their arguments, to the provisions of the EUTMR (Regulation (EU) No 2017/1001) must be understood as referring to the provisions of Regulation No 207/2009, which are identical in content. The same applies to the present decision.

- 21 Secondly, with regard to the procedural rules, the dispute is governed by the provisions of the EUTMR and by the provisions of the EUTMDR. Article 82(2) EUTMDR provides that, subject to certain exceptions, its provisions shall apply from 1 October 2017. More specifically, the provisions relating to applications for a declaration of invalidity are to apply to applications made after that date or to proceedings, the adversarial part of which has started after that date (08/09/2021, T-86/20, Scio / Scio, EU:T:2021:557, § 19). The application for a declaration of invalidity was filed with EUIPO on 11 March 2020.
- 22 The appeal complies with Articles 66, 67 and Article 68(1) EUTMR. It is admissible.
- 23 However, the appeal is not well founded. The Board's reasons are outlined hereunder.

The request for a suspension of proceedings

- 24 The EUTM proprietor has requested that the current proceedings be suspended until a final decision is taken in cancellation proceedings No 17 367 C, because the present proceedings are allegedly based on the same earlier right, EUTM No 11 191 194 'SCIO'.
- 25 The cancellation applicant has contested the suspension request and argued that the contested EUTM in the present case was filed earlier than the EUTM mentioned in previous paragraph, which can thus have no bearing on the earlier contested EUTM at issue here.
- 26 Pursuant to Article 71(1)(b) EUTMDR, as regards, for example, appeal proceedings, the Board of Appeal may suspend proceedings at the reasoned request of one of the parties in *inter partes* proceedings, where a suspension is appropriate under the circumstances of the case, taking into account the interests of the parties and the stage of the proceedings.
- 27 Moreover, pursuant to Article 44(3)(a) BoA-RP, the Board may at the reasoned request of a party suspend the proceedings for a specified time period. Pursuant to paragraph 4 of the same article, a request for extension of the suspension for a period exceeding six months may be granted by the Board if it is justified by the particular circumstances of the case having regard to the interests of the parties.
- 28 It follows from recital 17 EUTMDR that Article 71(1) EUTMDR is intended to increase the clarity, consistency and efficiency of opposition, revocation, invalidity and appeal proceedings. In that regard, it has been stated concerning opposition proceedings that, if the earlier mark relied on in support of an opposition loses its validity in the course of the proceedings, that opposition becomes devoid of purpose (25/11/2014, T-556/12, KAISERHOFF (fig.) / KAISERHOFF, EU:T:2014:985, § 40; 14/02/2019, T-162/18, ALTUS (fig.) / ALTOS et al., EU:T:2019:87, § 42; 28/05/2020, T-84/19 & T-88/19-T-98/19, Cinkciarz, EU:T:2020:231, § 45; 04/05/2022, T-619/21, Taxmarc / TAXMAN (fig.), EU:T:2022:270, § 23). The same would apply if the invalidity proceedings were based on an earlier mark the validity of which was contested in subsequent invalidity proceedings.

- 29 It follows from the wording of Article 71(1) EUTMDR that the Board of Appeal has broad discretion in deciding whether or not to suspend the current proceedings, suspension remaining an option for the Board of Appeal (04/05/2022, T-619/21, Taxmarc / TAXMAN (fig.), EU:T:2022:270, § 24 and the case-law cited). The Board of Appeal avails itself of this option only when it considers it appropriate. Proceedings before the Board of Appeal are therefore not automatically suspended as a result of a request for suspension by a party before it (16/05/2011, T-145/08, Atlas, EU:T:2011:213, § 69; 21/10/2015, T-664/13, PETCO / PETCO, EU:T:2015:791, § 31; 13/05/2020, T-444/18, Peek & Cloppenburg, EU:T:2020:185, § 116).
- 30 In inter partes proceedings, the Board of Appeal must take into account the interest of each of the parties when exercising its discretion with respect to the suspension of the proceedings, and the decision whether or not to suspend the proceedings must follow upon a weighing up of the competing interests (04/05/2022, T-619/21, Taxmarc / TAXMAN (fig.), EU:T:2022:270, § 26 and the case-law cited). Thus, in that exercise, the Board of Appeal must take into account not only the interests of the party whose EUTM is contested, but also those of the other parties (16/05/2011, T-145/08, Atlas, EU:T:2011:213, § 76; 21/10/2015, T-664/13, PETCO / PETCO, EU:T:2015:791, § 33; 13/05/2020, T-444/18, Peek & Cloppenburg, EU:T:2020:185, § 118).
- 31 The Board notes that the invalidity proceedings No 17 367 C, concerning EUTM No 11 191 194 ‘SCIO’, have been subject to a final judgment of the General Court (08/09/2021, T-86/20, Scio / Scio, EU:T:2021:557). By that judgment, the case was remitted to the Boards of Appeal, and by its decision 20/12/2023, R 7/2022-4, Scio / Scio, the Fourth Board of Appeal has rejected the application for a declaration of invalidity. Although this decision is not yet final, the Board considers, taking into account the interests of each of the parties, that the present proceedings should not be suspended.
- 32 The Board recalls that the present application for a declaration of invalidity was based on three grounds: Article 59(1)(b) EUTMR (bad faith), Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR and Article 60(1)(c) EUTMR in conjunction with Article 8(4) EUTMR, claiming a non-registered mark ‘SCIO’ in Hungary, Spain, Italy and the Netherlands. Although the cancellation applicant mentioned in its application other proceedings between the same or related parties, including also the invalidity proceedings against EUTM No 11 191 194 ‘SCIO’, the Board notes that none of the grounds of the present proceedings is based on that EUTM. Moreover, as the cancellation applicant has rightly pointed out, the contested EUTM in the present proceedings was filed prior to (13 February 2012) EUTM No 11 191 194, which was filed on 17 September 2012. This later mark and its possible validity or invalidity cannot have any bearing on the earlier contested EUTM in the present proceedings.
- 33 Therefore, the EUTM proprietor has no actual interest in waiting for the final decision in the invalidity proceedings against an EUTM which does not form a basis for the current proceedings. On the other hand, the cancellation applicant has a legitimate interest in obtaining, promptly, a decision on the alleged invalidity of the EUTM proprietor’s mark.

- 34 It follows that the request for a suspension of proceedings must be rejected.

Admissibility of evidence submitted for the first time before the Boards of Appeal

- 35 The Board observes that the EUTM proprietor submitted additional evidence during the appeal proceedings (see paragraph 16 above) part of which had already been submitted during the first-instance proceedings by the EUTM proprietor or the cancellation applicant.
- 36 Pursuant to Article 95(2) EUTMR, the Office may disregard facts or evidence which are not submitted in due time by the parties concerned. Pursuant to Article 27(4) EUTMDR, the Board of Appeal may accept facts or evidence submitted for the first time before it only where those facts or evidence are, on the face of it, likely to be relevant for the outcome of the case and they have not been produced in due time for valid reasons, in particular where they are merely supplementing relevant facts and evidence which had already been submitted in due time, or are filed to contest findings made or examined by the first instance of its own motion in the decision subject to appeal.
- 37 Those same principles are reiterated in Article 54(1) BoA-RP, according to which such facts or evidence may also not be disregarded if they were not available before or at the time the contested decision was taken or are justified by any other valid reason.
- 38 In the present case, the Board considers that the requirements for taking into account the documents submitted in the appeal proceedings pursuant to Article 95(2) EUTMR and Article 27(4) EUTMDR have been met, since they have been filed in an attempt to supplement the relevant facts and evidence which had already been submitted in due time at first instance. They are also likely to be relevant to the outcome of the case. Furthermore, the cancellation applicant has had the possibility to comment on them.
- 39 For these reasons, the Board decided to admit this additional evidence.

General principles on bad faith

- 40 According to Article 59(1)(b) EUTMR, an EUTM shall be declared invalid on application to the Office where the EUTM proprietor was acting in bad faith when filing the application for the trade mark.
- 41 It should be noted that the EUTM registration system is based on the ‘first-to-file’ principle, laid down in Article 8(2) EUTMR. In accordance with that principle, a sign may be registered as an EUTM only in so far as this is not precluded by an earlier mark. On the other hand, without prejudice to the possible application of Article 8(4) EUTMR, the mere use by a third party of a non-registered mark does not preclude an identical or similar mark from being registered as an EUTM for identical or similar goods or services (11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, § 17 and the case-law cited; 08/09/2021, T-460/20, Geographical Norway (fig.) / Geographic, EU:T:2021:545, § 15; 24/11/2021, T-434/20, dziandruk (fig.), EU:T:2021:815, § 26). The same applies, in principle, to third-

party use of a mark registered outside of the EU (21/03/2012, T-227/09, FS, EU:T:2012:138, § 31; 28/01/2016, T-335/14, DoggiS, EU:T:2016:39, § 43).

- 42 The application of that principle is qualified, *inter alia*, by Article 59(1)(b) EUTMR, under which an EUTM is to be declared invalid where the applicant was acting in bad faith when it filed the application for the trade mark. Where the applicant for a declaration of invalidity seeks to rely on that ground, it is for that party to prove the circumstances which substantiate a finding that the EUTM proprietor had been acting in bad faith when it filed the application for registration of that mark (21/03/2012, T-227/09, FS, EU:T:2012:138, § 32; 11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, § 18; 28/01/2016, T-335/14, DoggiS, EU:T:2016:39, § 44; 08/09/2021, T-460/20, Geographical Norway (fig.) / Geographic, EU:T:2021:545, § 16).
- 43 The concept of ‘bad faith’ referred to in Article 59(1)(b) EUTMR is not defined, delimited or even described in any way in the legislation (see opinion of 12/03/2009, C-529/07, Lindt Goldhase, EU:C:2009:148, § 36; 11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, § 19; 28/01/2016, T-335/14, DoggiS, EU:T:2016:39, § 45). Its meaning and scope must be therefore determined by considering its usual meaning in everyday language, whilst also taking into account the context in which it occurs and the objectives pursued by the EUTMR (see 12/09/2019, C-104/18 P, STYLO & KOTON (fig.), EU:C:2019:724, § 43, 44 and the case-law cited). In addition to the fact that, in accordance with its usual meaning in everyday language, the concept of ‘bad faith’ presupposes the presence of a dishonest state of mind or intention, regard must be had, for the purposes of interpreting that concept, to the specific context of trade mark law, which is that of the course of trade. In that regard, the EU rules on trade marks are aimed, in particular, at contributing to the system of undistorted competition in the European Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin (12/09/2019, C-104/18 P, STYLO & KOTON (fig.), EU:C:2019:724, § 45 and the case-law cited; 29/01/2020, C-371/18, SKY, EU:C:2020:45, § 74).
- 44 Consequently, the absolute ground for invalidity referred to in Article 59(1)(b) EUTMR applies where it is apparent from relevant and consistent indicia that the proprietor of a trade mark has filed the application for registration of that mark not with the aim of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties, or with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin (12/09/2019, C-104/18 P, STYLO & KOTON (fig.), EU:C:2019:724, § 46 and the case-law cited; 29/01/2020, C-371/18, SKY, EU:C:2020:45, § 75; 24/11/2021, T-434/20, dziandruk (fig.), EU:T:2021:815, § 31).
- 45 The intention of an applicant for a trade mark is a subjective factor which must, however, be determined objectively by the competent administrative or judicial authorities. Consequently, any claim of bad faith must be the subject of an overall assessment, taking into account all the factual circumstances relevant to the

particular case. It is only in that manner that a claim of bad faith can be assessed objectively (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 47 and the case-law cited; 29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, § 26).

- 46 In order to determine whether the trade mark applicant is acting in bad faith, within the meaning of Article 59(1)(b) EUTMR, account must be taken of all the relevant factors specific to the particular case which obtained at the time of filing the application for registration of a sign as an EU trade mark, in particular: (i) 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 or service capable of being confused with the sign for which registration is sought; (ii) the applicant's intention to prevent that third party from continuing to use such a sign; and (iii) the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought (11/06/2009, C-529/07, *Lindt Goldhase*, EU:C:2009:361, § 53).
- 47 However, in the case of an application for a declaration of invalidity based on Article 59(1)(b) EUTMR, there is no requirement whatsoever that the applicant for that declaration be the proprietor of an earlier mark for identical or similar goods or services. Furthermore, in cases where it transpires that, at the time of the application for the contested mark, a third party was using, in at least one Member State, a sign identical with, or similar to, that mark, the existence of a likelihood of confusion on the part of the public need not necessarily be established in order for Article 59(1)(b) EUTMR to apply (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 53, 54; 08/09/2021, T-460/20, *Geographical Norway* (fig.) / *Geographic*, EU:T:2021:545, § 19, 20; 29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, § 27).
- 48 It follows only from the case-law that, where it is established that use by a third party of an identical or similar sign for identical or similar goods or services existed and was capable of causing confusion, it is necessary to examine, in the context of the overall assessment of the relevant circumstances of the particular case, whether the applicant for the contested mark had knowledge of this. That factor is, however, only one relevant factor among others to be taken into consideration (12/09/2019, C-104/18 P, *STYLO & KOTON* (fig.), EU:C:2019:724, § 55; 29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, § 28).
- 49 In that regard, in accordance with the case-law, a presumption of knowledge, by the applicant for registration of a sign, of the use by a third party of an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought may arise, inter alia, from general knowledge in the economic sector concerned of such use, and that knowledge can be inferred, inter alia, from the duration of such use. The more that use is long-standing, the more probable it is that the applicant will, when filing the application for registration, have knowledge of it (11/06/2009, C-529/07, *Lindt Goldhase*, EU:C:2009:361, § 39; 29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, § 29).
- 50 Other factors may be taken into account in the context of the overall analysis undertaken pursuant to Article 59(1)(b) EUTMR, such as the earlier use of the

word or initials of the contested mark in business as a mark, in particular by competing undertakings, and of the commercial logic underlying the filing of the application for registration of that word or sign as an EU trade mark (08/05/2014, T-327/12, Simca, EU:T:2014:240, § 39; 29/09/2021, T-592/20, Agate / Agate, EU:T:2021:633, § 30).

- 51 Furthermore, it is for the applicant for a declaration of invalidity who intends to rely on Article 59(1)(b) EUTMR to establish the circumstances which make it possible to conclude that an application for registration of an EU trade mark was filed in bad faith, the good faith of the applicant being presumed until proven otherwise (23/05/2019, T-3/18 & T-4/18, ANN TAYLOR / ANNTAYLOR et al., EU:T:2019:357, § 34; 29/09/2021, T-592/20, Agate / Agate, EU:T:2021:633, § 31).
- 52 This being so, where EUIPO finds that the objective circumstances of the particular case relied on by the applicant for a declaration of invalidity may lead to the rebuttal of the presumption of good faith applying to the application for registration of the mark at issue, it is for the proprietor thereof to provide plausible explanations on the objectives and commercial logic pursued by the application for registration of that mark. The owner of the trade mark is best placed to provide EUIPO with information on its intentions at the time of applying for registration of that mark and in order to provide it with evidence capable of convincing it that, in spite of the existence of objective circumstances, those intentions were legitimate (23/05/2019, T-3/18 & T-4/18, ANN TAYLOR / ANNTAYLOR et al., EU:T:2019:357, § 36, 37; 29/09/2021, T-592/20, Agate / Agate, EU:T:2021:633, § 32, 33).
- 53 It is in the light of those considerations that the EUTM proprietor's complaints must be addressed.

Assessment of the alleged bad faith of the EUTM proprietor

- 54 The relevant point in time for determining whether there was bad faith on the part of the EUTM proprietor is the time of filing of the application for registration for the contested EUTM, namely 13 February 2012.
- 55 The relevant reasoning and conclusion in the contested decision, holding that the EUTM proprietor acted in bad faith in applying for the contested EUTM, are firmly endorsed by the Board. There is indeed no doubt that the evidence submitted shows that the EUTM proprietor did not have the right to file the EUTM but did so even though it was aware of the earlier rights to the sign 'SCIO' on the part of a third company (the cancellation applicant) and its predecessors, which had been used for specific kinds of medical apparatus, with the intention of preventing the cancellation applicant from continuing to use such a sign.
- 56 As a preliminary point, the Board notes that the assertions made by the EUTM proprietor at first instance that Eclosion and Maitreya were both using the name 'SCIO' but for goods other than those for which the contested EUTM is registered, and in fields not related in any way to *medical apparatus, instruments and articles* can be seen from the evidence filed by both parties to be untrue. What is more, the evidence establishes that the EUTM proprietor made this false allegation in the full

knowledge that both Eclosion and Maitreya were indeed using the name 'SCIO' for precisely such goods prior to the filing of the contested EUTM. Indeed, the cancellation applicant had already filed in evidence a copy of the 2006 distribution contract (Agreement No 4 of 1 June 2006) between the EUTM proprietor and Eclosion for the sale and purchase by the latter from the former of 'SCIO' devices, and this contract also attests to Pentavox being the manufacturer (Exhibit 8). In addition, the EUTM proprietor itself filed as Annex 12, at first instance, a copy of the English translation of 'Exclusivity Contract No 3,' dated 12 December 2005 between Pentavox and the EUTM proprietor, for the latter's import, storage and sale of 'SCIO' devices, the EUTM proprietor represented by Mr S., the sole shareholder.

- 57 As concerns the EUTM proprietor's commercial relationship with Pentavox, this is also clearly laid out in the document filed as Exhibit 9 by the cancellation applicant (the declaration made by Mr J.K. of Pentavox dated 6 February 2014) stating that the sign 'SCIO' belongs to the cancellation applicant or its predecessor and containing a picture of the 'SCIO' device. It further states that Pentavox is primarily the manufacturer, but its products have been sold exclusively by the cancellation applicant or its predecessors, with the exception of the EUTM proprietor who has purchased the devices not only in this way but also directly from Pentavox or other intermediaries for the sake of further sales. However, it states that when these sales occurred it was always with the consent of the cancellation applicant or its predecessor, and that Pentavox had not given permission to the EUTM proprietor to register the sign 'SCIO' or to have exclusive rights thereto. No convincing rebuttal to this has been provided by the EUTM proprietor.
- 58 Finally, the EUTM proprietor does not deny that its Mr S. was certainly aware of the fact that Eclosion and Maitreya were having their 'SCIO' medical devices manufactured and were selling them, given that such sales were also made to the EUTM proprietor, for whom Mr S. was also acting as early as 2005, even while being employed by Eclosion.
- 59 In light of all of this, the submission by the EUTM proprietor at first instance that neither Eclosion nor Maitreya used the name 'SCIO' in relation to the devices for which the contested EUTM was registered does not reflect the reality. In light of the above evidence, it is clear that the EUTM proprietor was aware that it was purchasing and distributing 'SCIO' devices that had belonged and had been marketed by a third party.
- 60 Indeed, the fact that the EUTM proprietor included the word 'SCIO' in its company name, far from exonerating it in this respect, serves as further proof that it knew of the existence of the 'SCIO' devices and was founded precisely to distribute such devices in Romania and elsewhere. Given the proximity in time between its establishment on 29 November 2005 and its contract of 12 December 2005 with Pentavox which it claims gave it exclusive distributor rights for 'SCIO' medical devices (Annex 12 at first instance), also given the fact that the main activity of this company was to be 'retail of medical and orthopaedic articles in specialised stores' (Annex 4 at first instance), and the involvement of Mr S. in establishing this contract and being the sole shareholder of the EUTM proprietor then, while working at Eclosion, indicates that the company name of the EUTM proprietor was

chosen precisely to reflect the name of the ‘SCIO’ products that it would be selling, both the products and the trade mark under which they were sold having been the property of others. All the evidence points to this, and the EUTM proprietor has offered no other convincing explanation.

- 61 In light of this, it is irrelevant that the EUTM proprietor was established in late 2005, before Mr S. supposedly returned to lead it in 2011. In addition, his previous employment until 30 June 2008 by Eclosion has been proven and was not denied (Exhibit 6, which the EUTM proprietor submitted was ‘not relevant’). Indeed, the EUTM proprietor concedes that he worked there between 2004 and 2008, that is to say, precisely in the period when Eclosion was selling ‘SCIO’ devices to the EUTM proprietor as ‘exclusive SCIO/QXCI importer-distributor in Romania’, as shown by the abovementioned contracts filed in evidence. Upon appeal, it does not deny that Mr S. founded the EUTM proprietor. Rather, it asserts that the 29 June 2017 declaration of Mr K.T. of Mandelay (re-filed as Annex 3 upon appeal) is in its favour since Mr K.T. says that he consented to the sale of ‘SCIO’ devices from one of the Mandelay firms and a few from Pentavox. Clearly, this does not serve to extricate the EUTM proprietor from the clear conclusion that it was purchasing ‘SCIO’ devices from one of the Mandelay companies or from Pentavox with Mandelay’s consent. This consent has nothing to do with any consent for it to register the name ‘SCIO’, owned by Mandelay, as a trade mark, let alone to use it to oppose Mandelay’s own EUTM application (e.g. Opposition Division decision, 14/11/2013, No B 2 141 946, where the opposition was partially successful) or prohibit the use of the word ‘SCIO’ in relation to medical devices without its approval, as a result of its trade mark rights (examples provided in Exhibit 11 and Annex 10 at first instance).
- 62 For the sake of completeness, in this respect, the Board notes that the declaration of Mr K.T. who worked for Maitreya and subsequently for Mandelay (Exhibit 10) states that it was agreed by Maitreya and Eclosion that the brand name ‘SCIO’ was owned by Mandelay from around April 2012. The EUTM proprietor submits no alternative account of who owned the clearly well-established ‘SCIO’ brand at that time but appears to attempt to assert that there was no such brand, or that if there was, the trade mark under which it was marketed belonged to nobody. However, the evidence shows that the ‘SCIO’ devices were manufactured by Pentavox on the order of the predecessor-in-title to the cancellation applicant, by Maitreya and by Mandelay, from whom Pentavox obtained authorisation to make direct sales, and that the EUTM proprietor was the distributor of these devices for Pentavox from December 2005 and for Eclosion from June 2006. In all the circumstances, the evidence clearly shows that the ‘SCIO’ brand name for the medical devices was not legitimately owned by the EUTM proprietor as of the date of filing the contested EUTM or at all.
- 63 Furthermore, this declaration by Mr K.T. alleges that Mr S. of the EUTM proprietor was employed by Eclosion where his activities involved precisely sales and engineering work for ‘SCIO’ devices, and that he often worked with Pentavox, and upon terminating his employment with Eclosion he returned to Romania to establish and lead the EUTM proprietor. No rebuttal, and in particular no statement at all from Mr S., as to the fact that had he worked with and on ‘SCIO’ devices and learned about them and the companies involved in their conception and

development, or that he returned to Romania to lead the EUTM proprietor in 2011, was filed in evidence by the EUTM proprietor.

- 64 The submission upon appeal that there is no proof of use of the ‘SCIO’ name between 2000 and 2005 in any of the evidence filed by the cancellation applicant is unconvincing, and again calls into question the EUTM proprietor’s honesty. As explained above, the very founding of the EUTM proprietor appears to have been based on the fact that its Hungarian business partners had developed and were using the ‘SCIO’ name for medical devices, as corroborated by its company name, and by the contracts entered into in December 2005 and June 2006. The fact that other companies were using the name (Annex 11 at first instance, Annexes 12-14 upon appeal) is entirely consistent with the statement by the cancellation applicant as to the role of the predecessor-in-title of QX World (i.e. W.N./D.D) in creating, marketing and selling the ‘SCIO’ devices, and the statement by Mr K.T. regarding Mandelay’s activities and rights in that regard. Indeed, it is difficult to interpret it as undermining these assertions in any way.
- 65 The fact that the cancellation applicant was established in 2011 (as shown by Exhibit 3, which further supports the declaration of Mr K.T.) and was not the first to use the ‘SCIO’ name, and thus some years after the EUTM proprietor was established, is neither here nor there, since it is abundantly clear that the EUTM proprietor was established to distribute ‘SCIO’ devices which it purchased from two of the relevant Hungarian companies connected to the predecessor-in-title to the cancellation applicant and to Mandelay, namely Eclosion and Pentavox as explained above, and that Mr S. of the EUTM proprietor was deeply involved in all of this from the outset. In addition, evidence filed by the EUTM proprietor (e.g. Annex 9 at first instance: the 13 September 2017 declaration from Pentavox) is consistent with and confirms indirectly that the latter manufactured these devices for the predecessor-in-title to the cancellation applicant, for the company Maitreya, and then for Mandelay as of the early 2010s (as also clearly shown by the 2004 sales agreement at Exhibit 7, by the Maitreya-Mandelay Agreement dated 30 December 2011 at Exhibit 4, corroborated by the certificates at Exhibit 5, and by the Pentavox 2014 declaration, Exhibit 9/Annex 8 at appeal).
- 66 Regardless of the subsequent legal dispute between QX World and its predecessor-in-title W.N./D.D and the here cancellation applicant (Mandelay) regarding to whom the intellectual property rights to the non-registered trade mark ‘SCIO’ belonged, and which of them had the right to apply for or request the invalidity of trade marks consisting of or containing the distinctive word ‘SCIO’, it remains clear that the EUTM proprietor knew that this trade name and indeed the trade mark under which the medical devices were sold to it, registered or otherwise, belonged to its Hungarian business partners.
- 67 The allegation made at first instance by the EUTM proprietor that QX World or its predecessor-in-title W.N./D.D, their company Maitreya (represented by W.N./D.D and by Mr K.T. later of Mandelay, Exhibit 1) as well as Mandelay were, like the EUTM proprietor, just companies who distributed the ‘SCIO’ devices (see 13 September 2017 statement by Mr J.K. of Pentavox filed at first instance as Annex 9), distorts the real picture and clashes with the other declarations of Pentavox in this regard (i.e. Exhibit 7 which sets out that Maitreya was the Principal and Pentavox the Manufacturer for it, the declaration of Mr J.K. of

Pentavox ,dated 6 February 2014 (Exhibit 9) and the Maitreya-Pentavox contract of 2004 (Exhibit 20)). The evidence as a whole makes it abundantly clear that the ‘SCIO’ business model, the use of the ‘SCIO’ trade name and the non-registered trade mark ‘SCIO’ was made by these Hungarian companies, and the ‘SCIO’ product that they named, developed and sold was precisely the product that the EUTM proprietor was founded to distribute, hence its company name.

- 68 In this respect, the assertion by the EUTM proprietor that it applied to register the contested EUTM before the others using the name ‘SCIO’ (essentially, its Hungarian business principals) is no defence to its bad faith. The fact remains that it was a mere distributor/re-seller for its business principals, and there is no evidence of any authorisation whatsoever by any of the Hungarian companies purporting to own the trade mark rights at hand to allow the EUTM proprietor to apply to register the contested EUTM, even less for goods and services identical and similar to the very goods that it was purchasing and reselling under this third-party trade mark.
- 69 The EUTM proprietor argues that neither the predecessor-in-title to the cancellation applicant nor its manufacturer forbade it to register ‘SCIO’ in its company name, and that there is no evidence of any explicit prohibition to register the contested EUTM in its name. Again, this misses the point. The owners of the ‘SCIO’ trade mark rights were perfectly entitled to allow distributors such as the EUTM proprietor to use their product name as part of a business name to distribute those products. This in no way equates to the grant of any rights to register that word as a trade mark, with the concurrent monopoly rights enjoyed in that respect, and even less to the acquisition of trade mark rights across the whole European Union which could be, and indeed were, used to block the attempt of those parties to register their previously non-registered ‘SCIO’ trade marks which the EUTM proprietor had used in its business.
- 70 There is no requirement that a cancellation applicant prove any damage suffered by the registration of a trade mark applied for in bad faith. Suffice to say, such an illicit trade mark filing is damaging enough to the extent that it can, and indeed has, been used to block those entitled to register the trade mark ‘SCIO’ themselves, as confirmed by the EUTM proprietor at first instance. Contrary to its assertions that it had never used the contested EUTM to prohibit use, it can be seen that it relied upon this registration to oppose the cancellation applicant’s own EUTM application in 2016 and issued cease-and-desist declarations based on its ‘SCIO’ trade marks.
- 71 It is also irrelevant as to the bad faith of the EUTM proprietor in this regard that the Cancellation Division has held that evidence filed by QX World and its predecessor-in-title in other proceedings did not suffice to substantiate its claimed non-registered trade mark or the well-known trade mark ‘EDUCTOR’ and so its invalidity application against an EUTM of the cancellation applicant was rejected (Annex 11 upon appeal). Apart from it concerning a different trade mark to ‘SCIO’, that decision concerned merely a matter of the legal requirements of substantiation. Suffice to say, the evidence filed in these proceedings attests to substantial sales of ‘SCIO’ devices by or for the cancellation applicant, its predecessor-in-title, Maitreya and Mandelay which predated the filing of the contested EUTM, and

indeed confirm that substantial sales were made of the ‘SCIO’ device even in 2003, 2004 and 2005 (see in particular Exhibits 10, 12, 13 and 15).

- 72 In all these circumstances, none of the arguments submitted by the EUTM proprietor upon appeal, to the extent relevant and coherent, are convincing. Rather, its line of defence for the filing of the contested EUTM not only fails to establish its honesty and good faith in that regard, but to the contrary tends to further reinforce the conclusion that there was and remains an absence of those qualities.
- 73 As was correctly held in the contested decision, the contested EUTM includes the distinctive word element ‘SCIO’ as its first element at the very top of the sign in the largest letters of any of the word elements, the others being non-distinctive words or so small as to be hardly legible, for goods and services which are identical or similar to the goods proven to have been sold under the sign ‘SCIO’ by those applying for a declaration of invalidity of the EUTM proprietor’s ‘SCIO’ EUTMs.
- 74 The exclusive agreement which gave the EUTM proprietor the right to sell ‘SCIO’ devices in Romania and also market them in other countries did not mean that it was allowed to register trade marks in its own name when it was a mere distributor of its Hungarian business principals including Mandelay or its predecessors. This agreement included a clause stating that the EUTM proprietor would not infringe the IP rights held by Pentavox, and there was no transfer of IP rights to the EUTM proprietor (Annex 12). It was merely allowed to sell ‘SCIO’ goods in the territory specified but no permission was given to it to register the trade mark in any country let alone for the entire EU. The fact that no explicit prohibition in this regard was evidenced does not suffice to establish any good faith given the objective circumstances which certainly show bad faith. As the Cancellation Division noted, the evidence contains no express consent in that regard. To the contrary, it appears from the evidence submitted that the EUTM proprietor had no right to file the contested EUTM but did so even though it was aware of the earlier rights to the sign on the part of Mandelay and its predecessors.
- 75 Nor has the EUTM proprietor put forward any convincing explanation of its filing of the contested EUTM to show how it had not acted in bad faith making that trade mark application. Its pleadings, replete with rhetorical questions and raising many irrelevant issues serve to create only the impression of attempting to muddy the waters in that regard. It effectively attempts to justify applying for the contested EUTM on the basis that the trade name ‘SCIO’ was used by many people, that the protagonists in Hungary had a subsequent disagreement about precisely which of them owned the brand name, ‘SCIO’, that in cancellation proceedings before the Office the cancellation applicant or its predecessor had failed to substantiate or prove its claimed non-registered and well-known trade mark ‘EDUCTOR’, and that because it had signed no agreement which explicitly prohibited it from applying for ‘SCIO’ trade marks in its own name, it did so in good faith because it did so first, i.e. before the cancellation applicant or QX World. As explained above, this account fails to convince, factually as well as legally.
- 76 Therefore, the Board endorses the finding that the EUTM proprietor had filed the contested EUTM in bad faith and the declaration of invalidity of the contested EUTM which was upheld on the basis of this ground.

- 77 To the extent that the EUTM proprietor submits that it would be unfair to declare the contested EUTM invalid, given that it has invested time and effort in this respect, any such investment made on the basis of an EUTM filed in bad faith is not capable of changing that bad faith. Nor is the issue whether it would be ‘unfair’ to declare invalid an EUTM filed in bad faith: it concerns merely the bad faith of that trade mark application.

Conclusion

- 78 For all the above reasons, the Cancellation Division correctly upheld the application for a declaration of invalidity on the grounds of Article 59(1)(b) EUTMR for all the registered goods and services.
- 79 The appeal is dismissed.

Costs

- 80 Pursuant to Article 109(1) EUTMR and Article 18 EUTMIR, the EUTM proprietor, as the losing party, must bear the cancellation applicant’s costs of the cancellation and appeal proceedings.
- 81 As to the appeal proceedings, these consist of the cancellation applicant’s costs of professional representation of EUR 550.
- 82 As to the cancellation proceedings, the Cancellation Division ordered the EUTM proprietor to bear the cancellation applicant’s representation costs which were fixed at EUR 450 and the cancellation fee of EUR 630. This decision remains unaffected.
- 83 The total amount for both proceedings is, therefore, EUR 1 630.

Order

On those grounds,

THE BOARD

hereby:

- 1. Dismisses the appeal;**
- 2. Orders the EUTM proprietor to bear the cancellation applicant's costs in the appeal proceedings, which are fixed at EUR 550. The total amount to be paid by the EUTM proprietor in the appeal and cancellation proceedings is EUR 1 630.**

Signed

N. Korjus

Signed

L. Marijnissen

Signed

A. Kralik

Registrar:

Signed

p.o. E. Apaolaza
Alm

