

Alicante, 07/06/2019

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Notification of a decision to the applicant

<i>Your reference:</i>	V37888-16880/700/LM
<i>Invalidity number:</i>	000015253 C
<i>Contested trade mark:</i>	011122256 EDUCTOR SCIO

Please find attached the decision terminating the proceedings referred to above. The decision was delivered on **07/06/2019**.

Please note that decisions of the Cancellation Division are not signed by the officials responsible but only indicate their full names and bear a printed seal of the Office in accordance with Article 94(2) EUTMR.



Nicole CLARKE

Enclosures (excluding the cover letter): 10 pages

CANCELLATION No 15 253 C (INVALIDITY)

Mandelay Mo. Kft., Szigetszentmiklós, Gyártelep 12001/33 hrsz., 2310, Hungary (applicant), represented by **Danubia Szabadalmi És Jogi Iroda Kft.**, Bajcsy-Zsilinszky út 16., 1051 Budapest, Hungary (professional representative)

a g a i n s t

S.C. Scio International S.R.L., Str. Andrei Muresanu, No. 15, 417495 Sanmartin, judet Bihor, Romania (EUTM proprietor), represented by **Carmen - Augustina Neacsu**, 12/3 Rozelor Street, 430293 Baia Mare, Maramures, Romania (professional representative).

On 07/06/2019, the Cancellation Division takes the following

DECISION

1. The application for a declaration of invalidity is upheld.
2. European Union trade mark No 11 122 256 is declared invalid in its entirety.
3. The EUTM proprietor bears the costs, fixed at EUR 1 080.

REASONS

The applicant filed an application for a declaration of invalidity against European Union trade mark No 11 122 256 'EDUCTOR SCIO' (word mark), (the EUTM). The request is directed against all the goods and services covered by the EUTM, namely, for the following:

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 applicant invoked the ground of bad faith under Article 59(1)(b), and also on Article 60(1)(c) EUTMR in connection with Article 8(4) EUTMR based on two earlier non-registered trade marks for the signs 'SCIO' and 'EDUCTOR' in Germany, Spain, France, Italy, Hungary, the Netherlands, Romania, Sweden and the United Kingdom, and Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR that the EUTM was filed by an agent of the applicant.

SUMMARY OF THE PARTIES' ARGUMENTS

The applicant argues that the contested EUTM is made up of two words 'EDUCTOR' and 'SCIO' which are both the names of the applicant's biofeedback devices. The applicant claims to have sold the 'SCIO' device since 2002 and the 'EDUCTOR' device from 2013 onwards. Moreover, the applicant states that the EUTM proprietor was

aware of this fact as the EUTM proprietor was the sales agent of these products for the applicant. The applicant claims to be the successor in title of the rights to the universal electrophysiological biofeedback devices sold under the name 'SCIO' by Maitreya Magyarország Kft according to an agreement dated 30/12/2011. It states that the 'SCIO' devices were manufactured since 2002 by Pentavox Kft and the users software was made by the predecessor of the applicant and updated by the applicant. The applicant also states that Pentavox Kft made a declaration dated 06/02/2014 confirming that the 'SCIO' products were manufactured exclusively for the applicant and that earlier rights belonged to its predecessor, and the rights to the 'SCIO' brand pertain to the applicant or to its predecessor. Moreover, the declaration states that Pentavox Kft. has never given its consent to the EUTM proprietor to file trade marks for the sign 'SCIO'. The applicant mentions someone called 'Mr Sirbu', who had been employed at Eclosion Kft. The applicant terminated (by mutual consent) Mr Sirbu's contract from Eclosion Kft by letter dated 30/05/2008. The letter shows that Mr Sirbu was living in Hungary at that time. Mr Sirbu then returned to Romania and established the EUTM proprietor company which had as its main purpose the sale of 'SCIO' biofeedback devices purchased from the applicant (or its parent company) or a few pieces directly from the manufacturer Pentavox Kft. (with the consent of the applicant or its predecessor). As the Romanian market was small the applicant was not opposed to the EUTM proprietor selling devices there at that time as it resulted in further sales of its goods, and points out that on the certificate issued to the EUTM proprietor to sell devices in Romania it indicated that the manufacturer was Pentavox Kft. The applicant stresses that neither of the parties, namely, Maitreya Kft, Pentavox Kft or Mandelay Kft, gave their consent to Mr Sirbu or his firm to apply for a trade mark including the word 'SCIO'. The applicant also states that it was unaware that the EUTM proprietor had filed the contested EUTM, but only became aware of it when the applicant's EUTM application was opposed by this mark. Therefore, the applicant claims that the EUTM proprietor filed the contested EUTM in bad faith and then tried to stop the actual owner of the earlier rights to the sign, of which it was aware, from protecting its sign. The applicant states that as the EUTM proprietor bought the devices from the applicant and sold them in Romania and other EU countries they were the agent of the applicant and were aware of the applicant's earlier non-registered rights to the sign.

The applicant points out that at the end of 2011 it developed a new and more advanced version of the biofeedback device after negotiations with Pentavox Kft which it called 'EDUCTOR'. The applicant held a seminar on 14-15/07/2012 at the Holiday Inn Hotel in Munich, which Mr Sirbu attended. This seminar presented the new 'EDUCTOR' device and stated that it would be available for sale in early 2013. The applicant claims that Mr Sirbu wanted to obtain trade mark rights to this brand without the authorization of the applicant, and before it would be available for sale. Therefore, the applicant states that the EUTM proprietor filed the contested EUTM less than a week after the seminar, and included the name of both devices of the applicant together in the contested sign 'EDUCTOR SCIO'. The applicant requests that the EUTM be invalidated.

In support of its observations, the applicant filed the following evidence:

- Exhibit 1: Agreement dated 30/12/2011 for the transfer of rights to the universal electrophysiological biofeedback devices sold under the name 'SCIO' by Maitreya Magyarország Kft to the applicant.
- Exhibit 2: Declaration made by Pentavox dated 06/02/2014 stating that the sign 'SCIO' belongs to the applicant or its predecessor and a picture of the 'SCIO' device. It further states that Pentavox Kft is primarily the manufacturer but its products have been sold exclusively by the applicant or its predecessor, with the exception of the EUTM proprietor which has purchased the devices not only in

this way but also directly from Pentavox Kft 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 applicant or its predecessor, and that Pentavox Kft. has not given permission to the EUTM proprietor to register the sign 'SCIO' or to have exclusive rights thereon.

- Exhibit 3: Declaration of Mr. Kornél Tokic dated 29/06/2017 which states that he was the Managing Director of Maitreya Kft and a high ranking official of its sister company Ecllosion Kft and has been working with these devices since their development back to 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 this company which is now the applicant. All of the rights to the SCIO device were then transferred to the applicant. From April 2012 it was agreed that the brands 'SCIO' and 'EDUCTOR' were to be owned by the applicant and that Pentavox under authorisation could make direct sale of the devices but only with the applicant's consent. Pentavox Kft was manufacturing the devices and had to obtain market authorisation in the relevant territories and these were issued in 2002. He states that from May 2004 to May 2008 Mr Sirbu, a Romanian citizen who lived in Hungary, was employed by the company Ecllosion Kft and was involved in sales and engineering work concerning the 'SCIO' devices and often worked with Pentavox Kft. After termination of his employment he returned to Romania and established the EUTM proprietor 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 which range from 23 devices for the initial part of 2017 up to 2964 devices in 2007. 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 4: A copy of the European Community Certificate for the 'SCIO' devices in the name of Pentavox Kft verifying that the devices meet the requirements of the EC Directive, it is dated 06/04/2006 and the attachment to the certificate also refers in part to the 'SCIO' devices and states that the certificate was first issued on 13/12/2002.
- Exhibit 5: Sales agreement signed between Pentavox and Maitreya on 01/01/2004 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 02/05/2012 concerning the same devices in which the applicant has exclusivity for the sale of the devices made by Pentavox Kft and the application software was confirmed property of the applicant.
- Exhibit 6: Three certificates, including an ISO certificate dated 23/02/2010 concerning the biofeedback devices and other certificates for the 'SCIO' devices in the EU dated in 2015.
- Exhibit 7: Declaration and authorization dated 25/04/2012 from the applicant's parent company in which it agreed with the applicant on how the devices 'SCIO' and 'EDUCTOR' should be handled between them and in which the applicant is entitled to the exclusive use of the trade names 'SCIO' and 'EDUCTOR', including the exclusive rights to protect the trade marks for these names.
- Exhibit 8: Copy of the termination of contract of employment of Mr. Sirbu from Ecllosion Kft (the sister company of the applicant's predecessor) which is dated 30/05/2008 and in which it states that Mr Sirbu was born in Romania but at that time was residing in Hungary.

- Exhibit 9: Minutes of the 'EDUCTOR' development negotiations between the applicant and Pentavox Kft dated 01/05/2012 pointing to a mutual wish to develop the new device 'EDUCTOR'.
- Exhibit 10: Statement of Mr Alexander von Pelet-Narbonne, chief organiser of the seminar held to disclose the 'EDUCTOR' device which states that Mr. Sirbu was present at the seminar on 14-15/07/2012 in Germany.
- Exhibit 11: Picture of the 'EDUCTOR' device.
- Exhibits 12-13: Invoices and shipment slips showing samples of the sale documents for the 'SCIO' and 'EDUCTOR' devices dated between 2009 and 2017 to clients in a number of different EU countries.
- Exhibits 14-15: FDA for 'SCIO' and 'EDUCTOR' devices granted to the applicant or the US dealer of the applicant.

The EUTM proprietor contests the applicant's arguments. The EUTM proprietor states that it registered its company name in 2005 and has held the rights to the sign since then, while the applicant was only established and therefore only holds the rights since 2011. It also states that it uses the sign 'SCIO' on all its commercial documents and owns many trade marks for the sign in Romania and the EU. The EUTM proprietor states that in a letter dated in 2010 Pentavox Kft. recognises Mr. Jorg Kunde as being their dealer for Germany and therefore, it was selling 'SCIO' products to several dealers. The EUTM proprietor argues that the applicant does not own any registered trade marks and that there were a number of 'SCIO' trade marks registered around the world and in the EU before 2005, and therefore, the applicant cannot have exclusive rights to the sign. The EUTM proprietor states that it owns a number of trade marks that contain the element 'SCIO' along with other elements, both in the EU and around the world, filed from 2012 onwards and it claims that this proves its good intentions and good faith. The EUTM proprietor claims to have used the sign prior to the filing of the EUTM and submits invoices dated in 2010 and 2011 which were both issued by Pentavox Kft. It further argues that there were two trade marks for the sign 'EDUCTOR' registered in the United States in 2005 and 2009 and therefore the applicant cannot claim exclusive rights to this sign either. However, it claims that a number of companies can hold identical or similar signs in different parts of the world or for different goods without causing a problem. Therefore, it states that the contested EUTM was filed in good faith and the application must be rejected.

In support of its observations, the EUTM proprietor filed the following evidence:

- A registration certificate for the EUTM proprietor company name dated 29/11/2005.
- A corporate extract sheet for the company Mandelay Mo. Kft (the applicant) showing that it was registered in 2011.
- A letter signed by Mr. Janos Kaldi, Managing Director of Pentavox Kft. dated 15/11/2010 that recognises Mr. Jorg Kunde as being their dealer for 'SCIO' devices in Germany.
- Printout showing trade marks containing the element 'SCIO' filed between 1989 and 2002 owned by different companies and copies of registration certificates and details of the EUTM proprietor's trade marks containing the element 'SCIO'.
- Invoices dated in 2010 and 2011 which were both issued by Pentavox Kft to the EUTM proprietor for the sale of SCIO devices.
- Printouts showing details of two trade marks containing the element 'EDUCTOR' registered in the United States in 2005 and 2009

The applicant contests the EUTM proprietor's arguments. It repeats and expands its previous arguments. The applicant states that any sales made to third parties by Pentavox were done with the express consent of the applicant.

The EUTM proprietor denies that an unregistered trade mark or sign has equal rights to a registered trade mark and the greater rights can only be obtained by registration with the EUIPO. It denies that the applicant has proven that it filed the EUTM in bad faith and it insists that the sign was registered in good faith.

ABSOLUTE GROUNDS FOR INVALIDITY – ARTICLE 59(1)(b) EUTMR

General principles

Article 59(1)(b) EUTMR provides that a European Union trade mark will be declared invalid where the applicant was acting in bad faith when it filed the application for the trade mark.

There is no precise legal definition of the term 'bad faith', which is open to various interpretations. Bad faith is a subjective state based on the applicant's intentions when filing a European Union trade mark. As a general rule, intentions on their own are not subject to legal consequences. For a finding of bad faith there must be, first, some action by the EUTM proprietor which clearly reflects a dishonest intention and, second, an objective standard against which such action can be measured and subsequently qualified as constituting bad faith. There is bad faith when the conduct of the applicant for a European Union trade mark departs from accepted principles of ethical behaviour or honest commercial and business practices, which can be identified by assessing the objective facts of each case against the standards (Opinion of Advocate General Sharpston of 12/03/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 60).

Whether an EUTM proprietor acted in bad faith when filing a trade mark application must be the subject of an overall assessment, taking into account all the factors relevant to the particular case (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 37).

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

Outline of the relevant facts

The relevant facts have been laid out extensively in the section dealing with the observations of the parties and will not be repeated for the sake of expediency.

Assessment of bad faith

One situation which may give rise to bad faith is when a commercial entity has obtained some degree of legal protection by virtue of the use of a sign on the market, which a competitor subsequently registers with the intention of competing unfairly with the original user of the sign.

In such instances, the Court of Justice of the European Union (11/06/2009, C-529/07, Lindt Goldhase, EU:C:2009:361, § 48, 53) has stated that the following factors in particular should be taken into consideration:

- (a) the fact that the EUTM proprietor knows or must know that a third party is using an identical or similar sign for an identical or similar product capable of being confused with the contested EUTM;
- (b) the applicant's intention of preventing that third party from continuing to use such a sign;
- (c) the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought; and
- (d) whether the EUTM proprietor in filing the contested EUTM was in pursuit of a legitimate objective.

The abovementioned are only examples drawn from a number of factors which can be taken into account in order to determine whether or not the applicant was acting in bad faith when filing the application; account may also be taken of other factors (14/02/2012, T-33/11, Bigab, EU:T:2012:77, § 20-21; 21/03/2012, T-227/09, FS, EU:T:2012:138, § 36).

Bad faith might be applicable when the parties involved have or have had any kind of relationship, such as (pre-/post-) contractual relationships, giving rise to mutual obligations and a duty of fair play in relation to the legitimate interests and expectations of the other party (13/11/2007, R 336/2007-2, CLAIRE FISHER / CLAIRE FISHER, § 24).

Bad faith may apply if it transpires that the EUTM proprietor never had any intention to use the contested EUTM, for example if the EUTM proprietor filed repetitive applications to avoid the consequences of revocation for non-use of its earlier EUTM registrations, whether in whole or in part (03/06/2010, C-569/08, Internetportal, EU:C:2010:311, § 51; 13/12/2012, T-136/11, Pelikan, EU:T:2012:689, § 27).

The overall assessment of bad faith must bear in mind the general principle that the ownership of a European Union trade mark is acquired by registration and not by prior adoption by way of its actual use. Particularly when the invalidity applicant is claiming rights to a sign which is identical or similar to the contested EUTM, it is important to remember that Article 59(1)(b) EUTMR moderates the 'first-to-file' principle, according to which a sign may be registered as an EUTM only in so far as this is not precluded by an earlier mark with effect either in the European Union or in a Member State. Without prejudice to the possible application of Article 8(4) EUTMR, the mere use of a non-registered mark does not prevent an identical or similar mark from being registered as an EUTM for identical or similar goods or services (14/02/2012, T-33/11, Bigab, EU:T:2012:77, § 16-17; 21/03/2012, T-227/09, FS, EU:T:2012:138, § 31-32).

The applicant argues that it has rights to prior unregistered signs which are similar to the contested EUTM and which covers goods and services which are identical or similar to those of the contested EUTM. It has provided evidence in Exhibit 5 to prove that its successor in title had an agreement to produce and sell, in tandem with the company Pentavox Kft, the 'SCIO' device as early as 2004 and a further agreement signed in 2012 between the applicant and Pentavox Kft. Moreover, Exhibit 1 shows the transfer of rights from Maitreya Magyarország Kft (the successor in title to the applicant) to the applicant for the universal electrophysiological biofeedback devices sold under the name 'SCIO'. Therefore, the EUTM proprietor's arguments that the applicant was only established in 2011 and could not have held rights to the 'SCIO' sign before that

must be rejected, as the succession in title between the applicant and its successors has been demonstrated.

As mentioned above, the applicant was involved with the company Pentavox Kft. and Exhibit 2 contains a declaration from Pentavox Kft. that confirms that the parties were working together (or with the successor in title) from 2004 to produce the 'SCIO' devices. Pentavox Kft declares that it was the manufacturer and that its devices were sold exclusively by the applicant (and its predecessor). The EUTM proprietor had purchased devices from Pentavox Kft or other intermediaries for the sake of making further sales of their goods, however, these sales were always made only with the consent of the applicant, which confirms the exclusivity clause included in Exhibit 5.

Exhibit 7 contains a declaration and authorisation from the applicant's parent company to the applicant concerning how the 'SCIO' and 'EDUCTOR' devices should be sold. The declaration is dated 25/04/2012, which is prior to the filing of the EUTM.

Exhibits 12 and 13 contain invoices and shipping slips for the sale of 'SCIO' and 'EDUCTOR' devices by the applicant (and its predecessor) to clients in a number of different EU countries prior to the date of filing of the EUTM. Sales figures for the devices sold are annexed to Exhibit 3. Exhibit 3 also contains the number of sales of 'SCIO' devices made by the applicant to the EUTM proprietor. The EUTM proprietor did not deny these purchases in its observations.

Exhibit 9 contains the minutes of a meeting held in relation to the development of the 'EDUCTOR' device, and the witness statement of Mr Alexander von Pelet-Narbonne, who was the chief organiser of the seminar held in Germany on 14-15/07/2012 (prior to the filing of the EUTM) in which the 'EDUCTOR' device was presented to the public, and he states that Mr Cristian Sirbu, the head of the EUTM proprietor was also speaking at that seminar regarding University education and he also appears in the schedule for the event. The various certificates, like the ISO certificate and the authorisations show that the 'SICO' devices were authorised for sale in the EU before the filing of the EUTM. Therefore, the applicant has proven that it was the owner of prior unregistered rights to the signs 'SCIO' and 'EDUCTOR' used in the course of trade in the EU prior to the filing of the EUTM.

The applicant further argues that from May 2004 to May 2008, Mr Sirbu, a Romanian citizen who lived in Hungary, was employed by the company Eclasion Kft, which was a sister company to the predecessor in title of the applicant and which had the same owner and shared the sales of 'SCIO' devices to different geographical areas. The applicant states that Mr Sirbu was involved in sales and engineering work concerning the 'SCIO' devices and often worked with Pentavox Kft. To this effect the applicant submits a copy of the termination of the sales contract (by mutual consent) of Mr Sirbu dated 30/05/2008. After termination of his employment he returned to Romania and established the EUTM proprietor company and still runs it. As mentioned above, the applicant submitted a declaration that it had also sold 144 'SCIO' devices and 10 'EDUCTOR' devices to the EUTM proprietor. It is noted from the invoices that these devices are rather expensive and therefore this quantity of sales is significant. The EUTM proprietor did not deny these facts. Indeed, the EUTM proprietor submits 2 invoices which were billed by Pentavox Kft to the EUTM proprietor for the sale of 'SCIO' devices dated 05/02/2010 and 03/05/2011. According to the EUTM proprietor, this shows that Pentavox did not exclusively sell its goods through the applicant, and that another company in Germany also bought goods directly from Pentavox, and that, in turn, it shows that the applicant does not have exclusive rights to the sign 'SCIO'. However, the applicant has shown that it had an exclusivity contract with Pentavox and

that any sales that were made to the EUTM proprietor or the company in Germany were only made with the consent of the applicant. Therefore, this argument of the EUTM proprietor must be rejected.

The EUTM proprietor has not denied that Mr Sirbu, established and runs the EUTM proprietor and that he was a former employee in the sister company of the applicant, which was owned by the same parent company. The EUTM proprietor has furthermore, not denied that Mr Sirbu was working with 'SCIO' devices while employed at Eclasion Kft and was therefore aware of these goods branded under the 'SCIO' sign, or that Mr Sirbu attended the seminar at which the 'EDUCTOR' device was presented to the public. The applicant has provided sales figures for both 'SCIO' and 'EDUCTOR' goods sold to the EUTM proprietor and the EUTM proprietor itself has submitted two invoices showing that it bought 'SCIO' devices prior to the filing of the EUTM and therefore, corroborates these sales figures.

The evidence therefore indicates that the EUTM proprietor was aware of the applicant and its use of the signs 'SCIO' and 'EDUCTOR' prior to the filing of the EUTM. The EUTM proprietor argues that there were other signs containing either the element 'SCIO' or 'EDUCTOR' registered in the United States, the EU or other countries prior to the applicant's use of the signs and therefore the applicant cannot claim exclusivity over the signs. However, the fact that other companies may have owned trade marks that contained elements including 'SCIO' or 'EDUCTOR' is not decisive in the present proceedings for the following reasons. Firstly, there could be different reasons that would allow each company to act independently to the other, such as co-existence agreements. Secondly, there is no proof that either of these signs was actually in use. All that was submitted were registry entries. There can be many reasons for co-existence of identical or similar signs on the register. Without further evidence, this argument must be rejected.

The applicant has shown that has used the signs 'SCIO' and 'EDUCTOR' separately on types of electrophysiological biofeedback devices prior to the filing of the EUTM. It further showed that the EUTM proprietor was aware of the existence of these signs for the reasons laid out above.

The contested EUTM is for the sign 'EDUCTOR SCIO' (word mark) and covers *inter alia medical apparatus, instruments and articles*, in Class 10. The earlier signs are individually 'SCIO' and 'EDUCTOR' and are used in relation to specific types of medical apparatus, namely, electrophysiological biofeedback devices which overlap with the contested goods and are therefore considered to be identical. The applicant does not have to prove that all of the contested goods and services are similar, as if there is bad faith then it results in the rejection of the EUTM in its entirety, even where some of the goods or services were dissimilar. Therefore, whether the contested services are identical or similar to the earlier goods can be left as an open question, as at least part of the specification, namely, the goods in Class 10 are identical.

Even if the two earlier signs are compared separately to the EUTM, they are similar to the EUTM, as the EUTM contains both signs together, and each of the signs forms an independent and visible element within the EUTM sign. The fact that the contested sign comprises both of the earlier signs of the applicant together does not take away from the similarity between the signs, and adds to the likelihood that the EUTM proprietor was trying to usurp the rights of the applicant in order to prohibit it from trading in the market in the EU by specifically choosing both of the earlier signs together in the EUTM. In fact, the applicant has pointed out, and the EUTM proprietor has not denied, that the EUTM proprietor opposed the applicant when it tried to register its sign 'SCIO'

in the EUIPO which points towards the EUTM proprietor's intentions to restrict the applicant from entering the market.

The EUTM proprietor denies that an unregistered trade mark or sign has equal rights to a registered trade mark and the greater rights can only be obtained by registration with the EUIPO and implies that therefore the applicant does not have the right to attack its EUTM. However, unregistered rights are specifically protected under the EUTMR and can lead to a successful action against later registered EUTMs. In the present case however, what is at issue under the ground of Article 59(1)(b) EUTMR is whether the EUTM proprietor filed the contested EUTM in bad faith.

The EUTM proprietor was aware of the applicant and its signs prior to the filing of the EUTM, which can be seen from the invoices that the EUTM proprietor submitted, its involvement in the seminar in Germany, and the EUTM proprietor's owner's prior employment in the sister company of the applicant in which 'SCIO' devices were also sold, and none of these assertions have been expressly denied by the EUTM proprietor. Although the EUTM proprietor had put 'SCIO' in its Romanian company name in 2005, it did so after having direct knowledge of the applicant's sign, and moreover, there is no proof that the EUTM proprietor ever used the sign 'EDUCTOR' prior to the filing of the EUTM and no valid reason for choosing this designation was put forward by the EUTM proprietor. On the other hand the applicant has shown that it had been developing the 'EDUCTOR' devices and made them public at an event at which the EUTM proprietor was also in attendance and participating in. The mere fact that the EUTM proprietor has included the word 'SCIO' in its company name or that it filled other trade marks does not show good faith at the time of filing of 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 applicant's earlier sign.

The evidence shows that the applicant held prior rights to the signs 'SCIO' and 'EDUCTOR' for at least partially identical goods, being specific types of medical biofeedback devices, and that the EUTM proprietor was aware of these earlier signs due to its employment in the applicant's sister company that sold the same devices prior to the date of filing. The EUTM proprietor also bought, under consent by the applicant, devices from the applicant's business partner 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 both of the earlier signs of the applicant together in one sign. Thereafter, the EUTM proprietor opposed the applicant's filing of its EUTM application for its earlier sign 'SCIO' before the EUIPO and consequently, was putting a barrier in front of the applicant to protect its rights to the sign in the EU and as such its future trading within the EU. The registration of the contested EUTM containing both of the applicant's signs 'EDUCTOR SCIO' cannot be mere coincidence for the reasons outlined above and leads the Cancellation Division to conclude that the EUTM proprietor filed the contested EUTM in bad faith

Conclusion

Therefore, the application for bad faith is entirely upheld under Article 59(1)(b) EUTMR. The application was also based on Article 60(1)(b) EUTMR in connection with Article 8(3) EUTMR and Article 60(1)(c) EUTMR in connection with Article 8(4) EUTMR. However, as the application has been upheld entirely on the ground of bad faith the Cancellation Division will not proceed with the examination of the application under these grounds as said examination will not affect the outcome of the present decision.

COSTS

According to Article 109(1) EUTMR, the losing party in cancellation proceedings must bear the fees and costs incurred by the other party.

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

According to Article 109(1) and (7) EUTMR and Article 18(1)(c)(ii) EUTMR, the costs to be paid to the applicant are the cancellation fee and the representation costs, which are to be fixed on the basis of the maximum rate set therein.

**The Cancellation Division**

Rhys MORGAN

Nicole CLARKE

Richard BIANCHI

According to Article 67 EUTMR, any party adversely affected by this decision has a right to appeal against this decision. According to Article 68 EUTMR, notice of appeal must be filed in writing at the Office within two months of the date of notification of this decision. It must be filed in the language of the proceedings in which the decision subject to appeal was taken. Furthermore, a written statement of the grounds of appeal must be filed within four months of the same date. The notice of appeal will be deemed to be filed only when the appeal fee of EUR 720 has been paid.