

DECISION
of the First Board of Appeal
of 15 September 2023

In case R 1795/2022-1

Sven Butzkies-Schiemann

Fritz-Reuter-Str. 15
24782 Büdelsdorf
Germany

EUTM Proprietor / Appellant

represented by Hansepatent Patentanwälte Andresen Scholz PartG mbB, Stephansplatz 12,
30171 Hannover, Germany

v

U.S. Corrosion Technologies, LLC doing business as Corrosion Technologies

2638 National Drive
Garland, Texas
United States of America

Cancellation Applicant / Defendant

represented by CBH Rechtsanwälte Cornelius Bartenbach Haesemann & Partner,
Tesdaufstrasse 8, 20148 Hamburg, Germany

APPEAL relating to Cancellation Proceedings No 49 069 C (European Union trade mark
registration No 14 304 349)

THE FIRST BOARD OF APPEAL

composed of G. Humphreys (Chairperson), E. Fink (Rapporteur) and A. González Fernández
(Member)

Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 27 June 2015 and registered on 22 October 2015, Sven Butzkies-Schiemann (‘the EUTM proprietor’) obtained registration of the word mark

CorrosionX

as a European Union trade mark (‘the contested mark’) for goods in Classes 1, 2, and 4.

- 2 On 26 February 2021, U.S. Corrosion Technologies, LLC doing business as Corrosion Technologies (‘the cancellation applicant’) filed an application for a declaration of invalidity (‘the invalidity application’) on the ground of bad faith pursuant to Article 59(1)(b) EUTMR. The request was directed against part of the goods of the contested mark, namely:

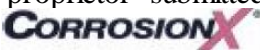
Class 2: Preparations for preserving metal against rust.

- 3 The cancellation applicant argued that, at the filing date of the contested mark, the EUTM proprietor, as a previous distributor of the cancellation applicant’s goods in Germany, knew that the cancellation applicant had been using an identical trade mark for identical goods since decades. The company Corrosion Technologies Corporation was founded in 1988 under a different name, and changed its name to ‘Corrosion Technologies’ in 1992. The ‘Corrosion X’ trade mark was already used in the 1990s by the cancellation applicant for all its corrosion preventive lubricants (exhibits 3-10). In 2002, the cancellation applicant registered its US trade mark No 2 639 464 ‘CORROSION X’, which was cancelled in 2009 (exhibit 11). In 2012, the cancellation applicant filed a new application for registration of the trade mark ‘CORROSIONX’ in the United States, registered in 2013 as US trade mark No 4 267 830 (exhibit 12).
- 4 In the early 2000s, Corrosion Technologies Corporation started to supply its ‘CorrosionX’ products to the German company Scandex AG (exhibits 14-20). The EUTM proprietor was the director of Scandex AG until April 2019 (exhibits 22-32). In previous cancellation proceedings No 23 466 C, initiated by the cancellation applicant against the contested mark, the EUTM proprietor confirmed that Scandex AG had been using the ‘CorrosionX’ trade mark for corrosion preventatives and lubricants since 2001, distributing three products from Corrosion Technologies and six products of his own (exhibit 33). This statement confirmed that the EUTM proprietor had full knowledge of the ‘CorrosionX’ trade mark of the cancellation applicant when he filed the application for the contested mark.
- 5 The cancellation applicant never authorised the EUTM proprietor or his company to apply for registration of the ‘CorrosionX’ trade mark or to use the mark for other products than those of the cancellation applicant. At the time of filing the contested mark, the EUTM proprietor had the intention of using the ‘CorrosionX’ mark for rust and corrosion preventatives and lubricants not manufactured by the cancellation applicant or not marketed with the cancellation applicant’s consent. When the EUTM proprietor started to market his own ‘CorrosionX’ products, he used the contested mark, imitating the cancellation applicant’s ‘CorrosionX’ sign as developed by the former Corrosion Technologies Corporation in the 1990s. In 2018, the EUTM proprietor sent a warning letter to the new German distributor of the cancellation applicant’s ‘CorrosionX’ product

range, CC Corrosion Control GmbH (exhibit 34). Bad faith is moreover confirmed by the fact that the EUTM proprietor initiated cancellation proceedings against the cancellation applicant's EUTM No 17 896 901 'CORROSIONX' (exhibit 35).

- 6 In support of its arguments, the cancellation applicant filed the following documents:
- Exhibits 1 and 2: printouts from the eSearch database regarding the contested mark No 14 304 349 and EUTM No 17 896 901 'CORROSIONX', registered in the name of the cancellation applicant;
 - Exhibit 3: article published in *B.A.S.S. TIMES*, Vol. 24, No 9, dated September 1994, entitled 'CorrosionX captures the angling crowd' and showing an image of a 'CorrosionX' product;
 - Exhibit 4: advertisement published in *GUN LIST*, dated 16 April 1999, with the slogan 'CorrosionX The only product you'll ever need for complete gun care' and an image of a 'CorrosionX' product;
 - Exhibit 5: printout from *GUN WORLD*, dated January 1998, with an image of a 'CorrosionX' product mentioning that it is a lubricant for rimfire semi-auto actions;
 - Exhibit 6: article published in *Guns and Gear*, dated October 2000, entitled 'High Tech Lubricant is ideal for firearms';
 - Exhibit 7: article published in *Oologah Lake Leader* on 3 June 1999, entitled 'Some outdoor toys for Dad';
 - Exhibit 8: advertisement for 'CorrosionX' published in *Shotgun News*, dated 10 October 1997;
 - Exhibit 9: article published in *Texas Outdoors Journal*, dated November 2000, with instructions about the use of the 'CorrosionX' lubricant;
 - Exhibit 10: advertisement for 'CorrosionX' published in *The Varmint Hunter Magazine* in January 1999;
 - Exhibits 11 and 12: extracts from the USPTO US trade mark registrations No 2 639 464 'CORROSION X' with the filing date 4 February 2002 ('dead') and No 4 267 830 'CORROSIONX' with the filing date 3 May 2012;
 - Exhibit 13: 'CorrosionX' price list, dated 1 January 2014;
 - Exhibits 14-20: seven invoices, issued by the cancellation applicant and addressed to Scandex AG in Germany in the period 2008-2013, for the sale of 'CorrosionX' and 'CorrosionX Heavy Duty';
 - Exhibit 21: extract from the trade register of the Kiel District Court showing entry No HRB 2203 RD;
 - Exhibits 22-32: copies of emails and email orders sent by the EUTM proprietor or Scandex AG to the cancellation applicant, dated in the period 2012-2015. One of the emails, dated 8 June 2013, mentions that 'Corrosion Technologies and there distributor in Germany Scandex AG are in process of giving 5 000 Aerosol Cans of CorrosionX to house owners, suffering on the floods';
 - Exhibit 33: writ in German sent by the EUTM proprietor on 19 June 2018 in cancellation proceedings No 23 466 C in reply to the invalidity application, accompanied by a partial translation into English. The letter mentions that 'Scandex

has been using the mark CorrosionX since the year 2001 for rust preventive products and oils sign 3 products from the company's CT but also 6 products have been distributed'. It further mentions that 'we have been authorized to use the mark CorrosionX in 2001 by Jim van Gilder';

- Exhibit 34: warning letter sent on 13 March 2018 by the EUTM proprietor's representative to CC Corrosion Control GmbH. The letter is written in German and accompanied by a translation into English;
 - Exhibit 35: application for a declaration of invalidity based on Article 60(1)(a) in conjunction with Article 8(1)(a) and (b) EUTMR, filed by the EUTM proprietor against the cancellation applicant's EUTM No 17 896 901 'CORROSIONX'.
- 7 On 4 March 2021, in reply to the communication of the Office that an invalidity application had been received, the EUTM proprietor requested that the application should be considered inadmissible pursuant to Article 63(3) EUTMR. The cancellation applicant already invoked bad faith as ground of invalidity in cancellation proceedings No 23466 C which had been closed by decision R 2982/2019-4, CorrosionX / CorrosionX ('the decision of the Fourth Board of Appeal').
- 8 On 27 July 2021, in reply to the communication of the Office that the invalidity application had been found to be admissible, the EUTM proprietor submitted that he already filed German trade mark registration No 30 433 647  in 2004 for *preparations against rust* in Class 2. When the EUTM proprietor's national German trade mark had to be renewed, he decided to invest in wider EU trade mark protection and filed the contested mark instead of paying the renewal fee for the German mark. Accordingly, the contested mark was filed on 27 June 2015, a couple of days after German trade mark was cancelled in the Register on 18 June 2015 (annex HP1). The contested mark is a consequential continuation of the EUTM proprietor's German trade mark rights that have existed since 2004. The EUTM proprietor has developed, produced and sold his own products in the field of rust prevention in the EU via his company Scandex AG – of which he is the owner and general manager – since 2001. Neither Scandex AG nor the EUTM proprietor have been involved in the distribution network of the cancellation applicant or its predecessor Corrosion Technologies Corporation. The cancellation applicant did not succeed in demonstrating that the EUTM proprietor or Scandex AG acted as its agents within the meaning of Article 21 EUTMR. The decision of the Fourth Board of Appeal concluded that '[t]here is no evidence to show that Butzkies (or for that matter, the company the CEO of which he is, Scandex AG) was actually involved in the distribution network of US Corrosion for products under the mark 'CorrosionX' or otherwise in any way'.
- 9 The EUTM proprietor concedes that Scandex AG complemented, on a very limited basis, its product portfolio from time to time with the cancellation applicant's products in order to meet customer demands. It is therefore no coincidence that out of the seven invoices submitted, five show shipping addresses in Israel because it was easier to entrust the cancellation applicant with the delivery than organise shipping from Germany. Three of the invoices have been issued under the same No 11 206. The price list submitted as exhibit 13 by the cancellation applicant is, in fact, a price list of Scandex AG. The layout feature of a series of pictures illustrating different fields of the products' application has always been used by the EUTM proprietor. The products 'CorrosionX Grease', 'CorrosionX High Voltage', 'CorrosionX Low Friktion Lub' have been exclusively sold by Scandex AG and never by the cancellation applicant. The price lists submitted as

annexes HP5 and HP6, as well as the test report of the Defence Science Institute for Materials, Explosives and Operating of the German Army, submitted as annex HP7, show that the EUTM proprietor has put the contested trade mark to genuine use nearly 15 years before the filing of the contested mark and also after its filing. The cancellation applicant never applied for trade mark protection in the EU until 2018. It is the due right of the EUTM proprietor to defend his older rights established in the EU.

10 The EUTM proprietor filed the following evidence in support of his arguments:

- Annexes HP1-HP2: extract from the database of the German Patent and Trade Mark Office with information about trade mark registration No 30 433 647 **CORROSIONX** and translation into English of the goods registered;
- Annex HP3: screenshot of the website www.corrosionx.com, archived on 1 August 2015 by WayBackMachine, which demonstrates use of the ‘CorrosionX’



trade mark as ;


- Annex HP3a: screenshot of the website www.scandex.de, archived by WayBackMachine on 14 October 2012;
 - Annex HP4: screenshot of the website www.corrosionx.com, archived by WayBackMachine on 5 September 2015;
 - Annex HP5: ‘CorrosionX’ price list of Scandex AG, dated 1 July 2004;
 - Annex HP6: ‘CorrosionX’ price list 2018;
 - Annexes HP7-HP8: report No 03/35430/00001 entitled ‘Testing of corrosion protection agents from the Scandex AG’, prepared by the Defence Science Institute for Materials, Explosives and Operating of the German Army – written in German, dated 20 February 2003 and translation into English;
 - Annex HP9: printouts from amazon.de with images of ‘CorrosionX HD Heavy Duty’ goods offered for sale. They indicate that Scandex is the manufacturer and that the goods were first available on 30 November 2016.
- 11 In its response, the cancellation applicant argues that German trade mark No 30 433 647 **CORROSIONX**, filed in 2004, was cancelled with effect as from 1 July 2014. The contested mark was applied for on 27 June 2015, one year after the cancellation of the German trade mark. In view of the absence of any trade mark protection during one year the contested mark cannot be considered as a consequential continuation of the German trade mark registration. Moreover, both the German trade mark and the contested mark were filed without the knowledge and consent of the cancellation applicant. At the time of filing the contested mark, and also at the time of the application for the earlier German trade mark, the EUTM proprietor was aware of the cancellation applicant’s use of the sign ‘CorrosionX’, a fact not disputed by the EUTM proprietor. The German trade mark is visually identical to the sign that the cancellation applicant had been using since 1997.
- 12 The article numbers listed in the price lists from 2004 correspond to those used in the cancellation applicant’s price lists from 1999, 2000 and 2002 (exhibits 36-38). The image included in the price list filed by the EUTM proprietor originates from the cancellation

applicant's website of 2002, as proved by its metadata which refer to U.S. Corrosion Technologies as the owner of the image.

- 13 The original title of the test report filed by the EUTM proprietor reads 'Testing of Corrosion Protection Agents from Corrosion Technologies, Texas', and not 'Testing of Corrosion Protection Agents from Scandex' as alleged (exhibit 39). The screenshot of the Scandex AG website archived in November 2003 shows a 'Signification user list' that exclusively consists of customers of the cancellation applicant, which confirms the intention of the EUTM proprietor to improve his market position to the detriment of the cancellation applicant. The EUTM proprietor recently lodged an opposition against the cancellation applicant's EUTM application No 18 421 463 'CORROSIONX', filed on 10 March 2021 (exhibit 40). The 'CORROSINX HD' product offered by Scandex AG under the mark 'CorrosionX' and claimed to be manufactured in Germany shows the NSN number 8030-01-438-4064 (NATO Stock Number, or National Stock Number, a 13-digit numeric code identifying all the standardised material items of supply, recognised by all NATO countries), which has been assigned exclusively to the product originating from the cancellation applicant (exhibit 41). However, the numerals '01' in the second block indicate products manufactured in the United States (and not in Germany as the EUTM proprietor claimed), which demonstrates that the EUTM proprietor is unlawfully using references reserved to the cancellation applicant. Furthermore, the EUTM proprietor is unlawfully using so called MIL-SPEC, a US defence standard granted exclusively to some of the cancellation applicant's products by the US Department of Defence, for instance, to the product 'CorrosionX Aviation' (MIL_C-81309E, exhibit 42). In the EUTM proprietor's price list 2018, claimed to include his own products only, the datasheet for 'CORROSIONX AVIATION' shows the identical MIL-SPEC MIL-C81309 Type E, which shows that the EUTM proprietor does not hesitate to promote his own products by using references that have only been granted to the cancellation applicant. Taking all the above into account, the EUTM proprietor's activities were intended from the beginning to dispute the cancellation applicant's rights to the trade mark 'CorrosionX' and to transfer these rights to himself.
- 14 In support of its arguments, the cancellation applicant filed the following additional evidence:
- Exhibits 36, 37 and 38: price lists for 2002, 2000 and 1999;
 - Exhibit 39: test report No 03/35430/00001, issued by the German Army and entitled 'Erprobung von Korrosionsschutzmitteln der Fa. Corrosion Technologies, Texas'. It is written in German and dated 20 February 2003;
 - Exhibit 40: extract from the eSearch database with information on EUTM No 18 421 463, 'CORROSIONX';
 - Exhibit 41: excerpt from the online directory of NSN numbers at nationalstocknumber.info;
 - Exhibit 42: letter issued by the US Department of the Navy, dated 14 December 2000, adding 'Corrosion X Aviation' to the Qualified Products List;
 - Exhibit 43: Safety Datasheet for 'CorrosionX Aviation' products, dated in 2008, downloadable from the Scandex AG website.
- 15 In reply, the EUTM proprietor insists that neither he nor the company Scandex AG have been involved in the distribution network of US Corrosion Technologies. The version of the test report filed by the cancellation applicant also refers to the company Scandex and

therefore does not support the cancellation applicant's allegations. The metadata of the image in the 2004 price list (submitted as annex HP5) indicate a file size of 86.7 MB. They cannot belong to the image because EUIPO does not allow the upload of files larger than 2 MB and the entire annex HP5 only has a size of 0.544 MB. The NSN code is not a reference exclusively reserved for the cancellation applicant. In the NATO codification system, one NSN number is used for all items which have the same characteristics in terms of form, fit or function. According to the brochure retrieved from <https://www.nato.int> (annexes HP10 and HP11), the second block of numbers in the NSN is not, as the cancellation applicant argued, reserved for products manufactured in the United States, but merely indicates from which country the original request was submitted to create this particular NSN number (annex HP12). The EUTM proprietor is obliged to use this unique NSN for his products, which have been allocated to the type of product which he manufactures and sells. The German trade mark law provides for a grace period for the renewal of trade marks. Only after the expiry of this grace period will the protection of the trade mark lapse with retroactive effect. The contested mark was filed only few days after the lapse of the contested mark was entered into the database of the German Patent and Trade Mark Office. Therefore, it is incorrect to state that the EUTM proprietor had no protection for the 'CorrosionX' trade mark over one year as during the grace period he could have maintained his national trade mark rights at any time by paying the relevant fees. It is the due right of the EUTM proprietor to secure his own trade mark portfolio by refiling his national trade mark, which had not been challenged by third parties – including the cancellation applicant – for over 10 years, in a broader form as an EUTM.

- 16 In support of his arguments, the EUTM proprietor submitted the following additional evidence:
- Annexes HP10-HP11: printouts from online brochures retrieved from <https://www.nato.int> regarding the NATO codification system and the concept of the use of NATO Stock Numbers (NSNs);
 - Annex HP12: printout from <https://governmentcontractingtips.com>.
- 17 By decision of 19 July 2022 ('the contested decision'), the Cancellation Division declared the contested mark invalid in part, namely for the contested goods indicated in paragraph 2, and ordered the EUTM proprietor to bear the costs.
- 18 It gave, in particular, the following grounds for its decision:
- The application for a declaration of invalidity was admissible pursuant to Article 63(3) EUTMR. The decision of the Fourth Board of Appeal declared the request in the previous cancellation proceedings inadmissible as far as it was based, inter alia, on Article 59(1)(b) EUTMR, and therefore, the application for invalidity based on bad faith had not been adjudicated on its own merits and was hence admissible.
 - Although the cancellation applicant did not present any contract of distribution it could be deduced from the evidence and observations submitted by the parties that the relationship between the parties was that of a company and its distributor in a country within the European Union – or at least that there was a commercial relation between them prior to the filing of the contested mark in 2015 that involved 'CorrosionX' goods. This is evidenced by (i) the email, dated 8 June 2013, from Scandex AG, supposedly written by the EUTM proprietor, in which reference was made to 'Corrosion Technologies and their distributor in Germany Scandex AG' and

- (ii) the submission in the previous cancellation proceedings, dated 19 June 2018, in which the EUTM proprietor stated that ‘we have been authorized to use the mark “CorrosionX” in 2001, by Jim van Glider’. Consequently, the EUTM proprietor was aware of the existence and use of the cancellation applicant’s earlier trade mark at the time of filing of the contested mark.
- Based on the evidence, the EUTM proprietor must also have been aware of the existence and use of the cancellation applicant’s earlier signs before applying for the registration of the German trade mark No 30 433 647  on 11 June 2004 for *preparations against rust* in Class 2.
 - The commercial relationship between the parties was sufficiently close to give rise to a duty of fair play, given that a company has a right to expect a certain degree of loyalty from its distributors or commercial partners. This includes a legitimate expectation not to register the company’s signs as trade marks in the name of the distributor. By filing the contested mark without the consent of the cancellation applicant, the EUTM proprietor breached the duty of fair play expected on account of their proven relationship and did not behave in accordance with honest commercial practices.
 - The contested mark, ‘CorrosionX’, is quasi-identical to the cancellation applicant’s earlier US trade mark registration No 2 639 464, ‘CORROSION X’, which was filed in 2002, and is registered for identical goods. The submitted evidence demonstrates that the EUTM proprietor markets ‘CorrosionX’ products imitating the cancellation’s applicant’s ‘CorrosionX’ sign, as developed by the former Corrosion Technologies Corporation in the 1990’s (exhibits 3-10). The typography used and stylisation of the letter ‘X’ is identical.
 - While it is true that extending the protection of a national mark by registering it as an EUTM falls within a company’s normal commercial strategy, in this case the evidence showed that the EUTM proprietor knew of the cancellation applicant’s sign before filing of the German trade mark. Therefore, the EUTM proprietor cannot rely on his previous German trade mark and claim that the application of the contested mark follows a normal commercial logic.
 - In light of all the above, the Cancellation Division concluded that the EUTM proprietor acted in bad faith when filing the contested mark and declared the contested mark invalid for all the contested goods.

Submissions and arguments of the parties

- 19 On 15 September 2022, the EUTM proprietor filed an appeal against the contested decision, requesting that the decision be entirely set aside, the application for a declaration of invalidity be rejected and the cancellation applicant be ordered to bear the costs of the proceedings. The statement of grounds of the appeal was received on 18 November 2022.
- 20 The EUTM proprietor reiterates that the invalidity application is inadmissible because an application based on bad faith has already been adjudicated by the Fourth Board of Appeal (24/08/2020, R 2982/2019-4, CorrosionX / CorrosionX).
- 21 The invalidity application is moreover unfounded. The documents submitted by the cancellation applicant have no evidential value. The allegedly original version of the test report issued by the Defense Science Institute for Material, Explosives and Operating of

the German Army (exhibit 39) has been amended. The presentation of false evidence suffices to disregard the entire evidence submitted by the cancellation applicant. It also gave false information with regard to the nature of the NSN numbers. The price list dated 1 January 2014 and submitted as exhibit 13 by the cancellation applicant as its own price list is in fact the price list of Scandex AG. Furthermore, the evidence submitted by the cancellation applicant before the Cancellation Division was not presented in accordance with Article 55(2) EUTMDR.

- 22 The EUTM proprietor reiterates that the resale of the cancellation applicant's products on a limited basis through his company Scandex AG does not support or even suggest an agent, representative or distributor relationship or any other kind of close commercial relationship between the parties. The email dated 8 June 2013, in which Scandex AG is designated as distributor of Corrosion Technologies, does not reflect the actual existing relationship between the parties as this email only concerns a theoretical marketing idea which never materialised. The business relationship between the parties has never been more than that of a common buyer and seller relationship.
- 23 The comparison of the Scandex AG's price list dated 1 July 2004 (annex HP5) and the cancellation applicant's price list from 2002 (exhibit 36) further confirms that there was no agent, representative or distributor relationship between the parties. Contrary to the finding of the Cancellation Division, the product codes used in these price lists are not identical, given that the product descriptions are different.
- 24 The application for registration of the contested mark followed a normal commercial logic as the EUTM proprietor intended to obtain a wider protection in the EU beyond his previous German trade mark.
- 25 The Cancellation Division ignored the fact that the genuine use of a trade mark *prima facie* precludes the alleged bad faith intention of the EUTM proprietor. The Cancellation Division did not take into account that the evidence submitted (annexes HP5-HP9) shows that the EUTM proprietor has put the contested mark to genuine use in the EU before and after its filing. In contrast, the evidence submitted by the cancellation applicant does not show that the cancellation applicant would have put the 'CorrosionX' sign to genuine use in the EU.
- 26 In support of his arguments, the EUTM proprietor submits part of the evidence already presented (annexes HP7-HP12), extracts from the observations of the cancellation applicant dated 1 October 2021 and 26 February 2021 (annexes HP13, HP16, HP18 and HP19) and exhibits 39 and 13 previously submitted by the cancellation applicant (annexes HP14, HP15 and HP17).
- 27 On 16 January 2023, the cancellation applicant requested an extension of the two-month time limit for filing a response until 23 February 2023 in view of the difficult factual issues raised by the appeal, for instance with regard to the NSN number.
- 28 By communication of 20 January 2023, the Registry of the Boards of Appeal forwarded the request to the EUTM proprietor inviting him to submit comments within one month. The communication also informed that, since this one-month time limit would only expire after the two-month time limit for filing a response, the latter time limit had been extended in favour of the defendant until 25 February 2023.
- 29 On 28 January 2023, the EUTM proprietor submitted that the request of the cancellation applicant did not meet the requirements of 'exceptional circumstances' within the meaning of Article 24(1) EUTMDR for granting an extension of the time limit to file a response.

- 30 On 1 February 2023, the Registry of the Boards of Appeal informed the parties that the request of the cancellation applicant was rejected because exceptional circumstances had not been demonstrated but that the time limit set to the cancellation applicant for filing a response remained valid.
- 31 On 24 February 2023, the cancellation applicant filed its response requesting that the Board dismiss the appeal. It endorses the findings of the contested decision that the evidence submitted proves that the EUTM proprietor acted in bad faith.
- 32 In essence, the cancellation applicant reiterates its arguments and adds that the decision of the Fourth Board of Appeal does not preclude the admissibility of the cancellation proceedings at hand.
- 33 It points out that the EUTM proprietor does not deny to have been aware of the use of the 'CorrosionX' mark by the cancellation applicant but merely claims that the quantities of the 'CorrosionX' products supplied by the cancellation applicant to Scandex AG have not to be substantial. However, the evidence demonstrates, as correctly found by the contested decision, that these quantities were considerable, which proves the intensity of the cooperation between the parties. With regard to the EUTM proprietor's submissions concerning the test report and the use of the NSN number, there is no need to respond in detail since those issues are not decisive in the assessment of bad faith. The EUTM proprietor slavishly copied large parts of the cancellation applicant's older price lists and by doing so his intention was to usurp the trade mark of the cancellation applicant in an unlawful manner.

Reasons

- 34 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.
- 35 Given the filing date of the contested mark, namely 27 June 2015, the substantive law applicable to the registrability of the contested mark is Regulation No 207/2009. Consequently, the references made by the parties, in their arguments, and by the Cancellation Division, in the contested decision, to Article 59(1)(b) EUTMR must be understood as referring to Article 52(1)(b) of Regulation No 207/2009, which is identical in content (29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, § 19).
- 36 Furthermore, as procedural rules are generally deemed to apply on the date on which they enter into force, the dispute is governed by the procedural provisions of the EUTMR (11/12/2012, C-610/10, *Commission vs Spain*, EU:C:2012:781, § 45; 29/09/2021, T-592/20, *Agate / Agate*, EU:T:2021:633, §§ 19-20).
- 37 The appeal complies with Articles 66, 67 and Article 68(1) EUTMR. It is admissible.

Admissibility of the invalidity application

- 38 According to Article 63(3) EUTMR, an application for revocation or for a declaration of invalidity shall be inadmissible where an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on its merits, either by the Office or by an EU trade mark court as referred to in Article 123 EUTMR, and the decision of the Office or that court on that application has acquired the authority of a final decision.

- 39 The EUTM proprietor argues that the Fourth Board of Appeal by its decision of 24/08/2020, R 2982/2019-4, CorrosionX / CorrosionX already adjudicated on the merits of an invalidity application that involved the same parties, and related to the same subject matter and cause of action.
- 40 The decision R 2982/2019-4 annulled the decision No 23 466 C issued by the Cancellation Division on 28 October 2019, whereby the Cancellation Division assigned the contested mark to the cancellation applicant for part of the goods pursuant to Article 21(1) EUTMR and declared it invalid for the remainder of the goods pursuant to Article 59(1)(b) EUTMR. Upon appeal by the EUTM proprietor, the Fourth Board of Appeal held that the evidence submitted by the cancellation applicant was insufficient to prove an agent-principal relationship between the parties within the meaning of Article 21(1) EUTMR and that a request for assignment pursuant to Article 21(2)(a) could not be combined with a request for a declaration of invalidity in the same invalidity application because an assignment to the requestor and a declaration of invalidity were mutually exclusive sanctions. The invalidity application was rejected as unfounded to the extent based on Article 21 EUTMR and considered inadmissible to the extent based on Article 60(1)(b) EUTMR in conjunction with Article 8(3) EUTMR and on Article 59(1)(b) EUTMR. Therefore, the Fourth Board of appeal did not adjudicate on the validity of the contested mark.
- 41 Consequently, the Board agrees with the Cancellation Division that the invalidity application is admissible and that the claim by the EUTM proprietor is to be rejected.

Admissibility of the response of the cancellation applicant

- 42 Pursuant to Article 24(1) EUTMDR, the defendant may file a response within two months of the date of notification of the appellant's statement of grounds. In exceptional circumstances, this time limit may be extended upon reasoned request of the defendant.
- 43 The EUTM proprietor's statement of grounds of appeal was deposited in the electronic mailbox of cancellation applicant on 22 November 2022 and therefore deemed to have been notified on 27 November 2022, see Article 4(5) Decision No EX-20-9 of the Executive Director of 3 November 2020 on communication by electronic means. The two-month time limit for filing a response therefore expired on 27 January 2023.
- 44 Following the request of the cancellation applicant to extend the time limit for filing a response by one month, the Registry of the Boards of Appeal, while inviting the EUTM proprietor to file observations on this request, extended the two-month time limit for filing a response until 25 February 2023 out of its own motion and before the Board could take a decision on the request for extension. While Article 3(6) of the Rules of Procedure of the Boards of Appeal provides that the Registrar, in inter partes proceedings, shall invite the other party to file observations on the request for extension within one month, it remains unclear on what legal basis the extension until 25 February 2023 was granted and how it was calculated.
- 45 However, this procedural irregularity cannot go to the detriment of the cancellation applicant. Parties must be able to rely on the correctness of the time limits set by the Board. Irrespective of the decision of the Board, communicated to the parties on 1 February 2023, not to grant the request for an extension of the time limit because the factual difficulties allegedly contained in the statement of grounds of appeal cannot be considered to constitute exceptional circumstances within the meaning of Article 24(1) EUTMDR, the Board therefore will take the response filed by the cancellation applicant on 24 February 2023 into account.

Article 59(1)(b) EUTMR (bad faith)

- 46 The EUTM system is based on the ‘first-to-file’ principle according to Article 8(2) EUTMR (28/01/2016, T-335/14, *DoggiS (fig.)*, EU:T:2016:39, § 43). However, this rule is qualified, in particular, by the concept of ‘bad faith’ pursuant to Article 59(1)(b) EUTMR, under which an EUTM is to be declared invalid, where the EUTM proprietor acted in bad faith when it filed the application for the trade mark. Where the cancellation 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 acted in bad faith when it filed the application for registration of that mark (28/01/2016, T-335/14, *DoggiS (fig.)*, EU:T:2016:39, § 44).
- 47 As the concept of ‘bad faith’ of Article 59(1)(b) EUTMR is not defined by EU legislature, its meaning and scope must be 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 (12/09/2019, C-104/18 P, *STYLO & KOTON (fig.)*, EU:C:2019:724, §§ 43, 44).
- 48 Consequently, bad faith applies where it is apparent from relevant and consistent indicia that the EUTM proprietor has filed the application 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).
- 49 The intention of an EUTM proprietor is a subjective factor which must, however, be determined objectively (12/09/2019, C-104/18 P, *STYLO & KOTON (fig.)*, EU:C:2019:724, § 47). The concept of ‘bad faith’ thus relates to a subjective motivation on the part of the EUTM proprietor, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices (07/07/2016, T-82/14, *LUCEO*, EU:T:2016:396, § 28).
- 50 In order to determine whether the EUTM proprietor was acting in bad faith, account must be taken of all the relevant factors specific to the case at hand which pertained at the time of filing the EUTM application, in particular (i) whether the EUTM proprietor knew or should have known that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought, (ii) the EUTM proprietor’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). In the context of this overall analysis, account may also be taken of the origin of the contested sign and its use since its creation, the commercial logic underlying the filing of the EUTM application, and the chronology of events leading up to that filing (28/01/2016, T-674/13, *GUGLER*, EU:T:2016:44, § 76).
- 51 Likewise, contractual relationships between the parties prior to the filing of the contested mark may provide indicia as to whether there was bad faith on the part of the trade mark applicant (11/07/2013, T-321/10, *Gruppo Salini*, EU:T:2013:372, § 28; 30/04/2019, T-136/18, *K (fig.)*, EU:T:2019:265, § 45).

- 52 According to case-law, the existence of a direct or indirect relationship between the claimant and the applicant prior to the filing of the contested trade mark can be an indicator of bad faith on the part of the applicant (01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39, §§ 85-87; 11/07/2013, T-321/10, Gruppo Salini, EU:T:2013:372, §§ 25-29; 05/10/2016, T-456/15, T.G.R. ENERGY DRINK, EU:T:2016:597, §§ 53-55).
- 53 Where the Office 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 (23/05/2019, T-3/18 & T-4/18, ANN TAYLOR / ANNTAYLOR et al., EU:T:2019:357, § 36; 29/09/2021, T-592/20, Agate / Agate, EU:T:2021:633, § 32).
- 54 The owner of the trade mark is best placed to provide the Office with information on his or her 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 such as those referred to in the paragraph above, those intentions were legitimate (23/05/2019, T-3/18 & T-4/18, ANN TAYLOR / ANNTAYLOR et al., EU:T:2019:357, § 37; 29/09/2021, T-592/20, Agate / Agate, EU:T:2021:633, § 33).

On the knowledge of the use of an identical or similar sign for identical or similar goods

- 55 The evidence demonstrates that the predecessor of the cancellation applicant has used the sign ‘CorrosionX’ in relation to corrosion preventive lubricants in the United States already in the 1990s (exhibits 3-10). In 2002, the cancellation applicant registered US trade mark No 2 639 464 ‘CORROSION X’, which was cancelled in 2009 (exhibit 11). In 2012, the cancellation applicant filed a new application for registration of the trade mark ‘CORROSIONX’ in the United States, registered in 2013 as US trade mark No 4 267 830 (exhibit 12).
- 56 The contested mark ‘CorrosionX’ is identical or quasi-identical to the cancellation applicant’s earlier US trade marks for the words ‘CORROSION X’ and ‘CORROSIONX’. The contested Class 2 goods *preparations for preserving metal against rust* are identical to the goods *preservatives in the nature of a temporary coating to prevent rust and corrosion on ferrous and non-ferrous metals* and *rust preventatives in the nature of a coating*, for which the earlier US trade marks are registered in the same class.
- 57 In the EUTM proprietor’s observations filed in the previous cancellation proceedings No 23 466 C on 19 June 2018, he stated as CEO of Scandex AG to be a licensee of the cancellation applicant and to have used the mark ‘CorrosionX’ since the year 2001 for rust preventive products and oils in order to distribute three products of the cancellation applicant and six products of his own. He also explained that he had been authorised to use the mark by the then CEO of the cancellation applicant in 2001 and applied for the German trade mark in 2004, long time before the cancellation applicant applied for registration in 2013 (exhibit 33).
- 58 Accordingly, there can be no doubt that the EUTM proprietor knew at the time of filing the contested mark in 2015 and even at the time of filing the German trade mark in 2004 that the cancellation applicant used an almost identical sign for identical goods. Use of a mark under licence is use with the consent of the proprietor and therefore to be considered as use by the proprietor (see Article 18(2) EUTMR for the use of an EUTM).

It also follows from the EUTM proprietor's submission that he used the 'CorrosionX' mark at least in Germany. The argument that the cancellation applicant never used the mark in the EU is without merit.

- 59 The EUTM proprietor's knowledge of the use of the 'CorrosionX' mark is moreover confirmed by the emails sent from the addresses mail@scandex.de or scandex.ceo@t-online.de and signed by the EUTM proprietor, dated within the period of 2012-2015 (exhibits 22-32). They refer to orders, or confirmations of orders, made by the EUTM proprietor to the cancellation applicant for, inter alia, 'CorrosionX' or 'Corrosion HD' products. While it is true that part of these orders refers to products ordered for delivery to a company located in Israel (see the invoices addressed to Rotal, exhibits 14-16, 18-19), it remains that the EUTM proprietor distributed products marketed by the cancellation applicant under 'CorrosionX' mark and therefore was aware of the use of this mark.

On the dishonest intention of the EUTM proprietor

- 60 As stated above (see para. 57), the evidence demonstrates that the EUTM proprietor acted as distributor of 'CorrosionX' products of the cancellation applicant at least until 2018 and ordered substantial amounts of these products during several years for resale purposes at least until 2015. Accordingly, there was a commercial relationship between the parties before the filing of the contested mark which was sufficiently close to give rise to a duty of fair play, given that a company has a right to expect a certain degree of loyalty from its distributors, or commercial partners. This includes a legitimate expectation not to register the company's signs as trade marks in the distributor's name without consent.
- 61 Contrary to what is claimed by the EUTM proprietor, the finding of a commercial relationship between the parties before the filing of the contested mark is not called into question by the findings of the Fourth Board of Appeal that there was no evidence to show that the EUTM proprietor or Scandex AG was involved 'in the distribution network of US Corrosion for products under the mark "CorrosionX" or otherwise in any way' (24/08/2020, R 2982/2019-4, CorrosionX / CorrosionX, § 30). As explained above (para. 40), the Fourth Board only assessed the request for transfer pursuant to Article 21(1) EUTMR, i.e. the question of whether the evidence submitted by the cancellation applicant in these proceedings was sufficient to prove the existence of an agent-principal relationship within the meaning of that provision. It is only in relation to this assessment that the Board found the evidence insufficient to prove a contractual relationship between the parties.
- 62 In the present proceedings, the cancellation applicant filed items of evidence which are different from those submitted in the cancellation proceedings decided upon by the Fourth Board of Appeal. These include an email sent by Scandex to the cancellation applicant in June 2013 that contains a proposal of a press release drafted by Scandex. The draft starts as follows: 'Corrosion Technologies helps victims of the flood in Germany. Corrosion Technologies and their distributor in Germany, Scandex AG, are in process of giving 5 000 aerosol cans of CorrosionX to house owners suffering from the flood' (exhibit 32). Irrespective of whether this marketing idea proposed by Scandex never materialised, as claimed by the EUTM proprietor, the draft demonstrates that, in 2013, the EUTM proprietor considered himself to be a distributor of the cancellation applicant. In addition, a dishonest intention on the part of the EUTM proprietor does not presuppose a contractual relationship between the parties. Given that this intention is a subjective

factor, it suffices that the factual circumstances assessed in their entirety demonstrate that the EUTM proprietor filed the application not with the aim of engaging in fair competition but with the intention of undermining, in a dishonest manner, the interests of third parties (12/09/2019, C-104/18 P, STYLO & KOTON (fig.), EU:C:2019:724, §§ 46, 47).

- 63 In that respect, the Board notes first that the EUTM proprietor's argument to have prior rights over the 'CorrosionX' trade mark is unfounded. His claim that the cancellation applicant only obtained protection in the US in 2013 is rebutted by the extract from the USPTO database regarding the US trade mark No 2 639 464 for the word mark 'CORROSION X', filed on 4 February 2002, registered on 22 October 2002 and with the date 15 September 1992 indicated as 'first use in commerce' (exhibit 11). While the degree of legal protection enjoyed by the cancellation applicant's sign is one of the factors to be considered in the assessment (s. para. 50), there is nothing in the wording of Article 59(1)(b) EUTMR to suggest that the third party's sign must be protected as a trade mark in the EU or elsewhere in order for that provision to apply. It must also be observed that the contested mark as well as the EUTM proprietor's German trade mark **CORROSIONX** filed in 2004 are almost identical to the 'CorrosionX' mark used by the cancellation applicant.
- 64 With regard to the price lists, the Board notes that the stock numbers in Scandex AG's price list '2004-1' (annex HP5) are identical to the stock numbers used in the cancellation applicant's price list of 2002 (exhibit 36). Only the product descriptions in the price lists are different, as pointed out by the EUTM proprietor. For example, the stock number 94 004 in Scandex AG's price list dated 1 July 2004 stands for a '5 l Container' whereas the same stock number in the cancellation applicant's price list from 2002 is used for a '1 Gallon' product. In addition, they differ with regard to the indications of weight (kg vs lbs.) and price (Euro vs US dollars) which is entirely in line with the different territories in which the parties operate.
- 65 In addition to the identical stock numbers, there are several other similarities between these price lists, as submitted by the cancellation applicant in its observations of 1 October 2021. First of all, the EUTM proprietor's price list contains the figurative sign **CORROSIONX** which is almost identical to the sign CORROSIONX previously used by the cancellation applicant. Both price lists also contain the same 'CorrosionX' product names: 'CorrosionX', 'CorrosionX Heavy Duty', 'CorrosionX Aviation', and 'CorrosionX For Guns'. Moreover, the image reproduced at the bottom of Scandex AG's



price list is the same image used on the cancellation applicant's website already in 2002, as shown by the archived screenshot showing the cancellation applicant's website on 25 November 2002 (cancellation applicant's observations of 1 October 2021, p. 11):

The Wayback Machine - <https://web.archive.org/web/20021125220823/http://corrosionx.com:80/>



- 66 The metadata of this image provided by the cancellation applicant show a date of 12 July 2002 and indicate Corrosion Technologies as the owner of the image. The EUTM proprietor's argument that these metadata cannot be correct because the size of the image exceeds the maximum size which the Office allows for uploading documents is without merit: the metadata of an image on a given website (here the archived site of the cancellation applicant) are entirely independent from the maximum size of files that may be uploaded to the Office's User Area.
- 67 Equally unconvincing is the EUTM proprietor's argument, that the mere fact to have used the mark for his own products may suffice to dispel any dishonest intention on his part. On the contrary, it is worthwhile noting that the EUTM proprietor does not contest to use, in the marketing of his products, explicit references that suggest an US origin, such as the indication of a NSN and a MILSPEC standard. Regardless of his entitlement to use these numbers and standards, it is clear that they are granted by US authorities whereas the EUTM proprietor claims to develop and manufacture his products in Germany ('made in Germany'). Likewise, he does not contest the cancellation applicant's claim that the 'Signification user list' displayed on his archived website in 2003 refers to customers of the cancellation applicant (cancellation applicant's observations of 1 October 2021, p. 14).
- 68 Considered in its entirety, the evidence therefore shows that the EUTM proprietor deliberately intends to pass his own products off as products of the cancellation applicant and that the use made of the contested mark is not of a kind which would allow consumers to perceive the contested mark as indicating a commercial origin that is clearly distinct from that of the products of the cancellation applicant's products marketed under the 'CorrosionX' mark.
- 69 The test report relied upon (annexes HP7 and HP8) cannot better his case either. Apart from the contradictions in the different versions submitted by the parties (see exhibit 39), the report indicates 24 February 2003 as the date on which the request for testing the 'Corrosion X Heavy Duty' product was received. This predates even the filing of his German trade mark on 11 June 2004 (annex HP1), and therefore cannot prove genuine use of a trade mark registered on his behalf.

- 70 For the same reason, the argument of the normal commercial logic between the filing of the German trade mark and the filing of the contested mark must fail. Regardless of the exact time gap between the filing of these two applications, there was no justification for the filing of the German trade mark in the first place and therefore no commercial logic to obtain a wider protection in the EU. Given that the EUTM proprietor himself claims to have distributed the products of the cancellation applicant since 2001 (exhibit 33), there existed a commercial relationship between the parties already even before the filing of the German trade mark, which was sufficiently close to give rise to a duty of fair play, which includes a legitimate expectation not to register the company's signs as trade marks in the distributor's name without consent. Already by applying for the registration of the German trade mark without the consent of the company that owned the original mark in the United States, the EUTM proprietor breached the duty of fair play. The mere fact that the cancellation applicant did not become aware of the registration of the German trade mark and did not file an opposition cannot suffice to conclude that it consented to the filing.
- 71 Accordingly, the fact that the EUTM proprietor sent a warning letter to the new distributor of the cancellation applicant in Germany (exhibit 34) and initiated cancellation proceedings against the cancellation applicant's EUTM No 17 896 901 'CORROSIONX' (exhibit 35) cannot be considered as warranted by his interest in defending his rights but rather as an attempt to undermine the market presence of the cancellation applicant in the EU.
- 72 Finally, the Board notes for the sake of completeness that the EUTM proprietor's reference to Article 55(2) EUTMDR cannot change the outcome of the case. It is only in a situation where the Office is not in a position to clearly assign an item of evidence to the arguments brought forward by the party that this item shall not be taken into account pursuant to Article 55(4) EUTMDR. This is not the case here. The statement of grounds of invalidity contains a precise description of the documents submitted which allows to refer these documents to the arguments raised by the cancellation applicant. In fact, the EUTM proprietor had no difficulty in relating these documents to the relevant claims.
- 73 To conclude, by filing the contested mark without the consent of the cancellation applicant, the EUTM proprietor breached the duty of fair play, did not act in accordance with honest commercial practices and acted in bad faith within the meaning of Article 59(1)(b) EUTMR.

Conclusion

- 74 The Cancellation Division correctly declared the contested mark invalid in part for all the contested goods, namely *preparations for preserving metal against rust* in Class 2.
- 75 Consequently, the appeal is rejected.

Costs

- 76 Pursuant to Article 109(1) EUTMR, the EUTM proprietor, as the losing party, must bear the cancellation applicant's costs of the cancellation and appeal proceedings.
- 77 As to the appeal proceedings, these consist of the cancellation applicant's costs of professional representation of EUR 550.

78 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. 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 cancellation and appeal proceedings in the amount of EUR 1 630.**

Signed

G. Humphreys

Signed

E. Fink

Signed

A. González Fernández

Registrar:

Signed

H. Dijkema

