

ORDER under the Companies Act 2006

In the matter of application No 2

by MB Inspection Limited

for a change of the company name of registration

no SC345378

1) The company name Hi-Rope Limited (HRL) has been registered since 7 July 2008 under number SC345378.

2) By an application filed on 7 October 2008, MB Inspection Limited (MB) applied for a change of name of this company registration under the provisions of section 69(1)(a) of the Companies Act 2006 (the Act).

3) MB states that it has traded under the name Hi-Rope for a number of years. It has operated a rope access business by reference to this name since 1990. Whilst trading under the name Hi-Rope, MB states that it has become one of the largest rope access providers in the United Kingdom with clients and contracts in the United Kingdom and worldwide. MB states that the off-shore industry based in and around Aberdeen is a key market for its business. MB states that it previously formed part of a group of companies, which included a company called Hi-Rope Limited (SC125681), incorporated on 19 June 1990. MB, along with all of the business and assets of the Hi-Rope business, were sold by the group in January 2008. The company SC125681 was dissolved by the vendor group following that transaction. MB states that United Kingdom trade mark registration no 2436570 (Hi-Rope) and all unregistered rights relating to the Hi-Rope business now belong to it.

4) MB states that it has a goodwill or reputation in the following fields of business:

“Engineering, access and inspection services, in particular relating to non-destructive testing and rope access services for on- and off- shore structures. The Hi-Rope division of the applicant also offers:

- frontline inspection technology services;
- cleaning, coating, electrical and construction services;
- infrastructure engineering, including Geotechnical Drilling and Netting, Bridge Examinations & Refurbishments, Structural Steelwork & GRP Installations;
- rope training services;
- fabric maintenance and surface preparation;
- tensioned netting systems; and
- specialist construction projects.”

5) MB states that it objects to HRL’s company name as it is the same name as is associated with it. MB states that the registration of HRL’s name

appears to be opportunistic because it was registered within 2 months of the dissolution of MB's former sister company, Hi-Rope Limited. MB states it has business premises in Aberdeen and is well-known in connection with the name Hi-Rope. MB states that attempts have been made to contact HRL via its legal advisors to clarify matters. MB states that HRL's apparent unwillingness to enter into correspondence with it, in relation to this matter, also suggests an opportunistic registration of the company name.

6) MB requests that the tribunal makes an order under section 73 of the Act requiring HRL to change its name to one which is not an offending name and to require HRL, along with its members and directors, not to cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

7) MB requests an order for the payment of its reasonable costs in making the application.

8) MB's legal advisors have written to The Commercial Law Practice, which is listed on form 10 lodged at Companies House as the agent for the company, on two occasions (on 28 July and 27 August 2008) to advise of its trade mark and to seek to open a dialogue with HRL. No response was received to the first letter and the response to the second letter advised that The Commercial Law Practice was not instructed in relation to this matter. MB states that as the directors of HRL have the same address as The Commercial Law Practice and appear to be nominee companies related to that organisation, it appears that HRL is not willing to correspond with MB.

9) HRL filed a notice of defence. The representative listed on the defence is Mr Peter Crawley. HRL states that it was set up with a view to providing walking/tourism services on the west coast of Scotland. HRL states that the name suits the business and that a trade mark agent has confirmed that there is no conflict. HRL states that its name was chosen in good faith. It states that there is no conflict whatsoever with MB's trademark, business or goodwill. HRL states that two letters were received from MB's lawyers, neither of which gave notice of an intention to make an application to the tribunal.

10) Both parties filed evidence. Neither side requested a hearing. In a letter of 8 September 2009, MB put forward submissions in support of its application. HRL has not made any written submissions.

Evidence of MB

10) This consists of an affidavit by Mr Frank Ross. Mr Ross is a director of MB, a position which he has held for 3 years and 9 months.

11) Mr Ross exhibits details of United Kingdom trade mark registration no 2436570 for the trade mark Hi-Rope. The registration is in the name of MB. The application for registration of the trade mark was made on 24 October 2006 and the registration procedure was completed on 4 May 2007. The trade mark is registered for the following services:

building and construction services; including refurbishment, maintenance, installation, painting, repair, demolition; advisory services relating thereto;

inspection of buildings; inspection of plant and machinery; engineering and technological services; professional advice and consultancy relating thereto.

12) Mr Ross states that MB previously formed part of the Motherwell Bridge group of companies, which also included a company called Hi-Rope Limited (SC125681), which was incorporated on 19 June 1990. A printout from the Companies House website, exhibit 2, shows that the company was dissolved on 13 May 2008. At the time of the dissolution its address was care of Deloitte & Touche LLP. The nature of the business of the company is described as “non-trading company”. Mr Ross states that the United Kingdom registration of the trade mark Hi-Rope (no 2436570) and all “unregistered rights” relating to the Hi-Rope business, including those, which for historic organisational reasons were previously owned by other companies in the group, now belong to MB. Mr Ross states that MB, along with all of the business and assets of the Hi-Rope business, were sold by its former group in January 2008 and company number SC125681 was dissolved by the vendor group following that transaction. At exhibit 3 there is a copy of an article from *The Herald* dated 29 January 2008. The article begins as follows:

“Motherwell Bridge said yesterday that it has completed the sale of MB Inspection to the Dutch based inspection firm RTD in a deal that marks a return to the company’s engineering roots.....

...MB Inspection, one of the UK’s leading inspection companies, has a turnover of about £30m a year. It has offices in Aberdeen, Falkirk, Stockton and Great Yarmouth and employs more than 350 staff. It offers a wide range of inspection and testing services to clients drawn from the oil and gas, petrochemical, utility and power generation industries.....

...The company will undoubtedly benefit from being part of the Applus RTD Group.”

There is no reference to Hi-Rope in the article.

13) Mr Ross states that MB has traded under the name Hi-Rope since its incorporation on 30 August 2002. At exhibit 4 are details of MB from the Companies House website.

14) At exhibit 5 are copies of three facsimile transmissions, dated 7 May 2002, 21 October 2003 and 6 February 2004. The letterhead of these facsimile transmissions bears the name Hi-Rope and the device of a twisted rope. It also bears the name Hi-Rope followed by an address in Aberdeen. The earliest facsimile transmission advises that Hi-Rope is a trading division of Motherwell Bridge Construction Limited, the last two advise that it is a trading division of Motherwell Bridge Inspection Limited. At exhibit 6 is a copy

of a certificate, expiring on 30 April 2008, certifying that Hi-Rope (MB Inspection) is a full member of the Industrial Rope Access Trade Association. The certificate states that the company has been a member of the association since 9 April 1999. At exhibit 7 is a copy of an article from P & J (*Aberdeen Press and Journal*) from 10 March 2002 which advises of an award being made to a project manager at "Aberdeen-based offshore rope access specialist Hi-Rope". The article goes on to state:

"As part of the contract, Hi-Rope staff had to work below the lowest normally accessible level with the platform's concrete legs.....

..... "It was vital, therefore, to ensure that personnel were wearing breathing apparatus during operations inside the leg and that we were able to carry out rescue and recovery, all while suspended from rope systems and without platform operational back up.""

15) At exhibit 21 is a copy of an mb inspection ltd brochure. The brochure bears the Roman numerals MMVI, indicating that it emanates from 2001. The brochure bears the name Hi-Rope and the knotted rope device and the words Hi-Rope division on the front of the brochure. The brochure includes the following:

"Established in 1990 as 'Hi-Rope' and now part of mb Inspection Ltd, this division provides multi-disciplined rope access solutions for inspection, engineering and fabric maintenance, along with the operational and safety equipment designed to operate in a wide variety of worksite locations."

The brochure advises that the principal sectors of activity are in: oil, gas and petrochemical, construction, public utilities and infrastructure.

The key disciplines are listed as:

inspection and testing;
rigging and lifting;
mechanical repair and maintenance;
fabric maintenance and repair;
tension netting systems;
electrical installation and commissioning, fire and gas systems;
building and structural maintenance;
derricks, masts and antennae;
project and data management;
rope access training;
rock netting and soil erosion protection.

The brochure shows workmen working at heights, attached to ropes, on a variety of structures, and on what appears to be Arthur's Seat in Edinburgh.

16) Mr Ross states that the off-shore industry based in and around Aberdeen is a key market for the business of MB under the Hi-Rope trade mark. At

exhibit 8 is a copy of an article from P & J (*Aberdeen Press and Journal*) dated 27 August 2005. This advises that Motherwell Bridge has been resurrected two years after the original company collapsed, MB Engineering Solutions having bought back the rights to the Motherwell Bridge name from the receivers. The article goes on to state:

“The move will create additional jobs in the Granite City, where Motherwell Bridge already employs 150 through MB Inspection and rope-access specialist Hi-Rope.”

Exhibit 9 consists of pages, downloaded on 9 March 2009, from the MB website. The pages give a list of locations where MB has businesses and the details of various members of staff. There is no reference to Hi-Rope on the pages. The pages give details of MB's Aberdeen office. Mr Ross states that before 2006, when MB moved into its current premises in Aberdeen, Hi-Rope operated from separate premises in Aberdeen. Mr Ross states that the Hi-Rope logo is prominently displayed on the current MB offices at Wellheads Industrial Estate in Aberdeen.

17) At exhibit 10 are details from the Companies House website of HRL, which show that it was incorporated on 7 July 2008. Mr Ross notes that this was within two months of the dissolution of MB's former sister company, Hi-Rope Limited (SC125681) and that HRL has a registered address in Aberdeen. Mr Ross states that MB's legal advisors wrote to The Commercial Law Practice, listed on the form 10 lodged at Companies House as the agent of HRL, on 28 July 2008 and 27 August 2008, copies of the letters are at exhibits 11 and 12. The letter advises that MB has discovered the incorporation of HRL. It requests the name and identity of The Commercial Law Practice's client and an undertaking from HRL, or The Commercial Law Practice, that the company name will be promptly changed to something which is not “confusingly similar” to MB's trade mark and trade name. The letter also states that MB cannot permit infringement of its trade mark and passing-off in connection with its trading name. The second letter simply advises that a response has not been received and asks for a response at The Commercial Law Practice's earliest convenience. At exhibit 13 is a copy of a letter from The Commercial Law Practice dated 12 September 2008, this states that it is not instructed in relation to the matter.

18) Mr Ross states that Peter Crawley, whom he describes as a representative of HRL, contacted MB's solicitors on 19 December 2008, which he notes is two working days prior to the deadline set by the Company Names Tribunal for a response to MB's application. Mr Ross states that Mr Crawley indicated in that call that HRL had been incorporated with a view to operating a walking company on the west coast of Scotland. Mr Ross states that Mr Crawley's business is called See Clearly Aberdeen Limited. At exhibit 14 is a page downloaded from Yell.com on 9 March 2009 which shows See Clearly Aberdeen Limited being at the same address as Mr Crawley. The company is advertised as providing double glazing repair. Mr Ross states that use of rope access methods has become increasingly widespread in the glazing industry. He states that evidence of this is given in the HSE information sheet entitled

Safety in window cleaning using rope access techniques. As indicated in the title the information sheet relates to window cleaning. The HSE advises that it has produced the information sheet “because rope access is increasingly used in window cleaning”. Mr Ross states that as Mr Crawley is engaged in the construction industry in Aberdeen, he is likely to be aware of MB’s market and the existence of, and goodwill in, the trade mark Hi-Rope. Mr Ross states that he understands that during the telephone call between MB’s solicitors and Mr Crawley, that the latter made it clear that HRL would be willing to accept money for the Hi-Rope name and requested that MB make a suitable offer.

19) Mr Ross states that MB “believes” that the registration of the company name was made by individuals, who know the market in which MB trades as Hi-Rope, with the intention to deliberately take advantage of MB’s goodwill in the name and to trade in competition with MB. Mr Ross states that the claims made by HRL that it intends to operate as a walking and climbing company were first made five months after MB sought to make initial contact and three months after MB’s application under section 69 of the Act. Mr Ross states that the claim is completely unsupported by evidence of any sort and appears to be spurious.

20) Mr Ross states that even if appropriate evidence of the intentions noted in HRL’s CNA 2 form can be provided and even if those intentions were legitimate, the operation of a walking and tourism company under the name Hi-Rope Limited would cause MB harm.

21) Mr Ross states that industrial rope access methods evolved from traditional climbing and caving pursuits. In support of this statement at exhibit 16 are pages from the website of the Industrial Rope Access Trade Association. Included in these pages is the following:

“Industrial Rope Access is a proven method of achieving a safe work position at height or in areas of difficult access. It was initially developed from techniques used in caving to answer the need for a simple, safe and adaptable means of access with its first large scale use being for inspections on the oil and gas platforms of the North Sea.”

At exhibit 17 are pages from the website of Edinburgh International Climbing Arena relating to the provision of Industrial Rope Access Trade Association rope access training. Mr Ross states that owing to this connection that there is a real risk of confusion between the business of MB and that of HRL, if HRL engaged in walking and climbing activities under the name Hi-Rope.

22) Mr Ross states that given the significant goodwill which MB holds in the name Hi-Rope (and in particular its safety record and business reputation), it is a concern to MB that HRL will use this goodwill to attract customers. Mr Ross states that this would be opportunistic, confusing in the market place and potentially very damaging to the reputation of the MB Hi-Rope business.

Mr Ross states that MB is clear that the operation of any outdoor adventure pursuits by HRL under that name would infringe its trade mark.

23) Mr Ross states that industrial rope access is subject to rigorous safety legislation and requirements. At exhibit 18 is a copy of a booklet from the Industrial Rope Access Trade Association entitled *General requirements for certification of personnel engaged in industrial rope access methods*. This booklet gives the detailed requirements to obtain the three grades of certificates, to become a trainer and to become an assessor. Mr Ross states that the safety record of a company in the rope access business is paramount and that contracts are often awarded on the basis of a company's safety record. He states that MB's good safety record and quality standard are of vital importance to its business. At exhibit 19 is a certificate awarded to MB by The Royal Society for the Prevention of Accidents in recognition of "an outstanding performance in health and safety at work over a period of 11 years". The certificate was awarded in May 2007. At exhibit 20 is a copy of a certificate from The British Standards Institution demonstrating MB's compliance with the requirements of ISO 9001:2000. *Inter alia*, MB's certification relates to rope access inspection. The certificate has been issued to MB t/a Applus RTD. One of the two locations listed on the certificate is identified as MB Inspection Hi Rope in Wellheads Way, Aberdeen. The certificate was issued on 15 May 2008.

24) Mr Ross states that as the tourism industry is not subject to the same level of safety regulation and as tourists undertaking climbing are not trained to the same standards as a rope access engineer, the likelihood of an incident may be greater in the tourism sector. Mr Ross states that if there were any injuries or fatalities linked with HRL, when providing walking or climbing services, this could seriously damage the goodwill associated with the Hi-Rope trade mark as used by MB in connection with rope access engineering. Conversely, given the likelihood of confusion, MB's impeccable safety record and quality standards, trading under the name Hi-Rope is likely to represent an unjust benefit to HRL and may also mislead consumers as to the credentials of HRL. Mr Ross states that this clearly points towards the opportunistic registration of the company name by HRL.

Evidence of HRL

25) This consists of a witness statement by Mr Colin MacDonald, who is a director of HRL.

26) Mr MacDonald states that MB is a large multinational company with high cost Edinburgh lawyers at its disposal. He states that he is an individual who cannot afford to defend this action and, apart from the principle, that it is not worth defending in terms of time or money. Mr MacDonald states that he will give his "best shot" in summarising why the company name should stay with him. If this is not the outcome he hopes that a compromise with MB can be brokered.

27) Mr MacDonald states that MB's trade mark does not cover a business associated with tourism. He states that if MB was genuinely concerned about the name Hi Rope it could have ensured that it either owned the Hi Rope company or that the name was transferred to a shelf company, or to an operational company in its own business, on or before dissolution.

28) Mr MacDonald states that the examples of use given by Mr Ross are historic and are specific to the Aberdeen area. He states that Hi-Rope is not a name recognised in the west of Scotland. Mr MacDonald states that although the registered office of HRL is in Aberdeen, MB has not shown any intention of HRL to operate in Aberdeen. In relation to the company name being adopted less than two months after SC125681 was dissolved, Mr MacDonald states that "there is nothing to suggest this was not co-incidence". He states that, being based on the west coast of Scotland, there is limited access to company/commercial lawyers and as he has family connections to the north east of Scotland, an Aberdeen legal firm (The Commercial Law Practice) was chosen to assist in registering the new company. Mr MacDonald states that Mr Ross's comments about See Clearly Aberdeen Limited are irrelevant. He states that he is advised that See Clearly Aberdeen Limited is not a window cleaning business and has no link with rope access services. Mr MacDonald states that Mr Crawley is a qualified lawyer and was merely requested to contact MB's solicitors.

29) Mr MacDonald states that Mr Crawley was instructed to contact MB's solicitors to discover if there was a method of resolving the apparent concern that HRL's walking holidays might be a threat to MB. He states that only when it became apparent that MB's solicitors were not interested in considering possible resolution were other options discussed. Mr MacDonald states that contrary to the indication in Mr Ross's affidavit, he understands that on mentioning other methods to resolve the matter MB's lawyer asked whether a financial solution was being proffered and Mr Crawley indicated that if one were made he could take instructions on it.

30) Mr MacDonald states that HRL could not trade in competition with MB or take advantage of any goodwill. MB has an existing, valid trade mark that protects the use of the words Hi-Rope in its type of business. He states that he understands that he could apply for registration of a trade mark for Hi Rope for tourism and that it would be likely to be granted.

31) Mr MacDonald states that HRL's proposed business would operate in a different and distinct geographical location, rural Scotland and not industrial Aberdeen, or in other industrial cities. He states that HRL's proposed business would operate with an entirely different client base, individuals rather than large national and multi-national companies. Mr MacDonald states that HRL would be operating in a different market, leisure and tourism, not engineering and technical services. Mr MacDonald states that Mr Ross's affidavit repeatedly refers to HRL professing to offer climbing services. He states that this is incorrect and, consequently, there is no link to rope access engineering services. Mr MacDonald states that detailed plans for the walking company were put on hold by HRL shortly after incorporation owing to

concern regarding the general economic downturn and how this would affect the current and future tourism market. He states that the first letter from MB's solicitors caused immediate concern and resulted in time and cost being incurred on taking instructions. Mr MacDonald states that these letters did not seek any information as to the proposed business of the new company or its intentions but simply demanded a change of name. He states that it did not seem sensible to develop plans using the name while there was such an unreasonable demand. Mr MacDonald states that advice was obtained that as the new business had no connection with MB's business it was not necessary for costs to be incurred or any action taken in respect of the letters of MB's lawyers. Mr MacDonald states that an attempt was made to try and resolve the issue before unnecessary costs were incurred but MB's lawyers were uninterested in anything but a change of name.

32) Mr MacDonald states that the name has been adopted as being eminently suitable and appropriate for a walking and guiding business and was adopted in good faith. Mr MacDonald states that MB has not been able to show that that name was not adopted in good faith and that he takes exception to the only 'evidence' of bad faith being put forward is the interpretation of the "close out of the phone call with Mr Crawley". Mr MacDonald states that MB has not shown that the main purpose of HRL's incorporation in its name was to obtain money (or other consideration) from MB or to prevent MB from registering the name.

33) Mr MacDonald states that he understands that under section 69(4)(e) of the Act that it is a valid defence to show that "the interests of the applicant are not adversely affected to any significant extent". In addition to the different markets, MB admits that it has a trade mark which protects the use of the name in its business area. Mr MacDonald states that, therefore, the interests of MB cannot be adversely affected to any significant extent by HRL's company name.

34) Mr MacDonald states that he understands that the property from which MB trades and upon which both the names Hi Rope and MBI appeared, now only carries the name Applus RTD. He states that the vans used by the business have also been rebranded and the name Hi Rope removed. Consequently, he submits that there is no possibility of MB's interests being adversely affected to any significant degree as it has rebranded itself as Applus RTD.

35) Mr MacDonald states that attempts have been made to discuss constructively a method of resolving the issue. He states that if the tribunal upholds MB's application HRL is prepared to change its name to either High Ropes Ltd or Hi Rope Walking Ltd and that he had offered these alternatives to MB prior to making his statement.

The nature of the evidence of the parties

36) A large part of the statement of Mr MacDonald consists of submission, as do parts of the affidavit of Mr Ross. Evidence should be evidence of fact.

Cross & Tapper on Evidence defines the purposes and categories of judicial evidence:

"Judicial evidence is used to prove either facts in issue, or facts from which facts in issue may properly be inferred. It comprises the testimony of witnesses, documents and things The main facts in issue are all those facts which the plaintiff in a civil action must prove in order to succeed, together with any further facts that the defendant or accused must prove in order to establish a defence."

Evidence is therefore the means by which any matter of fact, the truth of which is submitted in pleadings, is proved.

37) It is as important in proceedings before the tribunal, as in any other proceedings, that a line is drawn between that which is truly evidence, which should be the subject of a properly prepared affidavit, statutory declaration or witness statement, and submissions or arguments in relation to the matter in dispute which need not. Where the two are in the same document this is likely to lead to confusion and misunderstanding.

38) In this case, in order to present the submissions of the parties, those parts of the witness statement and affidavit that are not evidence of fact have been summarised. However, this will not be the norm before the tribunal. Parties will always be given an opportunity to make written submissions or request a hearing to put forward their cases. When filing evidence, parties can also attach separate written submissions, which will be taken into account by the tribunal when reaching a decision.

Decision

39) Section 69 of the Act states:

"(1) A person ("the applicant") may object to a company's registered name on the ground—

(a) that it is the same as a name associated with the applicant in which he has goodwill, or

(b) that it is sufficiently similar to such a name that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant.

(2) The objection must be made by application to a company names adjudicator (see section 70).

(3) The company concerned shall be the primary respondent to the application.

Any of its members or directors may be joined as respondents.

(4) If the ground specified in subsection (1)(a) or (b) is established, it is for the respondents to show—

(a) that the name was registered before the commencement of the activities on which the applicant relies to show goodwill; or

(b) that the company—

(i) is operating under the name, or

(ii) is proposing to do so and has incurred substantial start-up costs in preparation, or

(iii) was formerly operating under the name and is now dormant; or

(c) that the name was registered in the ordinary course of a company formation business and the company is available for sale to the applicant on the standard terms of that business; or

(d) that the name was adopted in good faith; or

(e) that the interests of the applicant are not adversely affected to any significant extent.

If none of those is shown, the objection shall be upheld.

(5) If the facts mentioned in subsection (4)(a), (b) or (c) are established, the objection shall nevertheless be upheld if the applicant shows that the main purpose of the respondents (or any of them) in registering the name was to obtain money (or other consideration) from the applicant or prevent him from registering the name.

(6) If the objection is not upheld under subsection (4) or (5), it shall be dismissed.

(7) In this section “goodwill” includes reputation of any description.”

40) An applicant must establish that it has a goodwill in relation to a name that is the same, or sufficiently similar to that of the respondent’s company name such that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant. If this burden has been fulfilled it is necessary to consider if the respondent can pray in aid the defences under section 69(4) of the Act.

41) Section 69(7) defines goodwill as a reputation of any description. Consequently, in the terms of the Act it is not limited to Lord Macnaghten’s classic definition in *IRC v Muller & Co’s Margarine Ltd* [1901] AC 217:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyse goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seem to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

In the above definition reference is made to locality. A key difference, in English law, between goodwill and reputation is that the former is situate in the jurisdictionⁱ. (There is nothing to suggest that the position is different in relation to Scottish law.) It is possible to have a reputation in a jurisdiction but if there is, or has been, no business in the jurisdiction there is no goodwill. Under the terms of the Act goodwill encompasses reputation at large and so does not need to be situate in the jurisdiction. In this case the jurisdiction would be Scotlandⁱⁱ. As reputation is wider than the traditional meaning of goodwill, if MB establishes that it has or had a goodwill (in the traditional sense) in relation to the name Hi-Rope it will, *a fortiori*, have a goodwill in the terms of the Act.

42) The applicant must show that it has a goodwill or reputation under the name at the date of the application, in this case 7 October 2008. If this is established, the respondent will have a prima facie defence if it can establish that the name was registered prior to the commencement of the activities upon which the applicant relies, as per section 69(4)(a) of the Act. This is not the same as establishing that the goodwill or reputation must have been established before the name was registered; such an approach would militate against a successful application being brought where a company name was registered in anticipation of a goodwill or reputation being established.

43) It will be necessary to decide if MB has established at the material date, 7 October 2008, that it had the requisite goodwill in relation to the name upon which it relies.

44) Having decided upon the material date, it is necessary to decide upon the criteria that needs to be considered to establish that if at this date there was a goodwill upon which the applicant can rely. It is a defence for the respondent under section 69(4)(e) if it is decided that “the interests of the applicant are not adversely affected to any significant extent”. Consequently, a goodwill of little or no commercial significance would not be sufficient. In deciding whether the evidence of an applicant establishes a goodwill of commercial significance, it is to be expected that material is exhibited that shows use of the name upon which the applicant relies prior to the date of the application. Taking into account the defence under section 69(4)(a) of the Act, in most circumstances an applicant will also need to furnish such material emanating from prior to the date that the company name was registered, in this case 7 July 2008. Statements unsupported by evidence will carry little weight as they will not demonstrate how the name has been used and in what context it has been used. An applicant’s case will be helped by establishing the period of use of the name, the turnover in relation to the name and the amount spent on promotion by reference to the name.

45) Mr Ross’s unchallenged evidence is that MB and its predecessors in title have traded by reference to the name Hi-Rope since 1990. (Although Mr MacDonald’s evidence indicates that the use of the name no longer continues.) The exhibited evidence of use of the name Hi-Rope is sparse:

- Three copies of facsimile transmissions, the last dated 6 February 2004.
- Two copies of articles from P & J (*Aberdeen Press and Journal*) dated 10 March 2002 and 27 August 2005.
- Undated Industrial Rope Access Trade Association certificate, which expires on 30 April 2008.
- A reference on the ISO certificate dated 15 May 2008.
- The brochure from 2006.

There are no turnover figures for services supplied by reference to the name and no promotional expenditure figures. Mr MacDonald in his evidence, which has not been contradicted, states that the vans of MB no longer carry the name Hi-Rope and nor does the building from which MB trades. Mr MacDonald’s evidence emanates from after the material date and so this state of affairs is not relevant to the establishment of goodwill as of 7 October 2008. If the use of the name had ceased prior to the material date this is not damning of the claim to goodwill. Goodwill does not dissipate immediately that use stops. The concept of residual goodwill has long been accepted by the courtsⁱⁱⁱ. HRL does not deny that MB has used the name. The articles from P & J (*Aberdeen Press and Journal*) show the use of the name in the public arena and the contents indicate that there is a reputation in relation to rope access services. As noted above, in the article of 27 August 2005 the following appears:

“The move will create additional jobs in the Granite City, where Motherwell Bridge already employs 150 through MB Inspection and rope-access specialist Hi-Rope.”

The specialist nature of the services supplied by reference to Hi-Rope are likely to lead to the name being remembered by MB’s customers for some time after use has stopped. The business continues to the present day, if use of the name may not, and so there is no issue of the business having been abandoned^{iv}.

46) Taking all the evidence into account and that there has been no challenge to the statement that Hi-Rope has been used in relation to the business of MB, or its predecessors in title, it is established that at the material date MB had a goodwill by reference to the name Hi-Rope. It is also established that at the date of the registration of HRL’s company name, MB had a goodwill by reference to the name Hi-Rope. The goodwill primarily relates to rope access services, which are used to perform a variety of tasks in industrial situations. Mr Ross’s affidavit and his submissions in that affidavit identify the rope access services as being key to MB’s complaint. If MB does not succeed in relation to the goodwill related to these services, it will not succeed on the basis of use in relation to the services which are furnished by way of rope access.

47) The requirement of section 69(1)(a) of the Act is that the company name is the same as a name associated with the applicant in which it has goodwill. In this case the name associated with MB is Hi-Rope, the company name to which it objects is HI-ROPE LIMITED. Nothing turns upon whether the names are written in upper case or title case as the Act relates to the name and not a particular graphical form of a name. A company name must be identified by a reference to the designation of the nature of the company (with certain exceptions), in this case, as HRL is not a Welsh private limited company: limited or ltd^v. An undertaking cannot trade by reference to a company name under which it is not incorporated and, under section 66 of the Act, identical company names cannot be registered. Taking this into account, section 69(1)(a) of the Act would be virtually redundant if it requires the name upon which the applicant relies to include the designation of the nature of the company^{vi}. For the purposes of section 69(1)(a) a company name and the name associated with an applicant are the same if the only difference arises is from the designation of the nature of the company. **Consequently, the name upon which MB relies and the company name are the same.**

48) HRL comments on the different nature of its proposed business. The requirement of section 69(1)(a) of the Act is that the company name is the same as a name associated with an applicant. In trade mark law and the law of passing-off, the question of whether there is infringement or passing-off is not dependent solely on the names; whether goods or services are similar or identical or whether there is a common field of activity can be determinative^{vii}. Under section 855(1)(b) of the Act a company is only required to list its **principal** business activities, the nature of the business recorded for the

company does not restrict it to this principal business activity. So HRL is not limited to “other business activities”. The goods or services to which the goodwill of an applicant attaches may, however, have a bearing on the overall outcome of an application. If a respondent establishes the goods or services in relation to which it is using, or intends using, the company name, this may assist it in the defences that the Act allows eg that the name was registered in good faith or that the company name will cause the applicant no significant harm. However, it does not affect the issue under either section 69(1)(a) or (b) of the Act.

49) MB has established that it has a goodwill in relation to a name that is the same as the company name of HRL.

Defences

50) MB having satisfied the onus upon it in relation to section 69(1) of the Act, the onus now falls upon HRL to show that it has a defence under section 69(4) of the Act. There is neither claim nor anything in the evidence to suggest that HRL can rely upon the defences under sections 69(4)(a), (b) and (c) of the Act. HRL’s defence from its counterstatement and evidence effectively relies upon sections 69(4)(d) and (e) of the Act.

Defence under section 69(4)(e) of the Act - the interests of the applicant are not adversely affected to any significant extent

51) Section 69(4)(e) of the Act gives a defence if the interests of the applicant are not adversely affected to any significant extent. The terms of the defence are written in the present tense. An application to the tribunal can be made at any time, there is no time limit to lodge an objection to a company name. An application could be made where at the time of the registration of the company name the interests of the applicant were adversely affected, however, by the time of the application they no longer are. It would be perverse to deny a defence that relates to the position at the date of the application, where the ill had already been cured. In relation to section 69(4)(e) the matter should be judged at the date of filing of the application; in this case, 7 October 2008.

52) To adversely affect the interests of the applicant to any significant extent the company name must do more than just sit on the register at Companies House. In this case, the adverse effect must relate to the potential use of the company name in business. Mr MacDonald states that the company name was registered with a view to it being used in relation to a business.

53) There is nothing in the evidence of HRL that establishes that the interests of MB would not be adversely affected to any significant extent. Mr MacDonald states that MB no longer uses the name Hi-Rope. However, as noted above the reputation does not dissipate immediately when use stops. In this case it has been established that MB had a goodwill as of 7 October 2008.

54) Mr Ross emphasises the safety record of MB and that the safety record of an undertaking is of paramount importance in the rope access business. His statement re MB's safety record is supported by the certificate from The Royal Society for the Prevention of Accidents. As noted above, there is no limitation to the business of HRL. It is possible for the company name to be used in relation to rope access services; even if this risks action for passing-off and trade mark infringement. Any failure in safety in relation to the use of the company name will tarnish the reputation of MB, owing to the association of the name Hi-Rope with it. If the company name is used in relation to walking/tourism services on the west coast of Scotland, as Mr Ross states, such services could involve the use of ropes or can readily be associated with the use of ropes, if the services are provided in mountainous areas. In this connection, it is noted that although Mr MacDonald states that his plans for the company are related to a business organising walking holidays, he also says that the name was chosen because it was an appropriate name for the business. This suggests that the business in prospect involves the use of ropes or heights, eg mountaineering, or both. The evidence of MB shows that there are areas where climbing and rope access cross, Edinburgh International Climbing Arena provides rope access training. Any health and safety failure in relation to such services could readily damage the reputation of MB, owing to its association with the name Hi-Rope. Customers and potential customers are likely to make the link with MB, even if MB is no longer using the name; for the business that is potentially very serious, the perception of the compromising of safety will have an adverse effect.

55) HRL has not established that as of 7 October 2008 that the interests of MB would not be adversely affected to any significant extent by use of the company name.

Defence under section 69(4)(d) of the Act - the name was adopted in good faith

56) The issue of good faith turns upon the respondent's motivation and knowledge when the company was registered under the name that is being challenged. In this case this is the date of incorporation, 7 July 2008. Actions after this date may be indicative of the motivation and knowledge of the respondent, however, they cannot change the nature of the act.

57) In 1) *Adnan Shaaban Abou-Rahmah* (2) *Khalid Al-Fulajj & Sons General Trading & Contracting Co v* (1) *Al-Haji Abdul Kadir Abacha* (2) *Qumar Bello* (3) *Aboubakar Mohammed Maiga* (4) *City Express Bank of Lagos* (5) *Profile Chemical Limited* Rix LJ commented upon the concept of good faith:

"48 The content of this requirement of good faith, or what Lord Goff in *Lipkin Gorman* had expressed by reference to it being "inequitable" for the defendant to be made to repay, was considered further in *Niru Battery*. There the defendant bank relied on change of position where its manager had authorised payment out in questionable circumstances, where he had good reason to believe that the inwards payment had been made under a mistake. The trial judge had (a)

acquitted the manager of dishonesty in the *Twinsectra* or *Barlow Clowes* sense on a claim of knowing assistance in breach of trust, but (b) concluded that the defence of change of position had failed. On appeal the defendant bank said that, in the absence of dishonesty, its change of position defence should have succeeded. After a consideration of numerous authorities, this court disagreed and adopted the trial judge's broader test, cited above. Clarke LJ quoted with approval (at paras 164/5) the following passages in Moore-Bick J's judgment:

"I do not think that it is desirable to attempt to define the limits of good faith; it is a broad concept, the definition of which, in so far as it is capable of definition at all, will have to be worked out through the cases. In my view it is capable of embracing a failure to act in a commercially acceptable way and sharp practice of a kind that falls short of outright dishonesty as well as dishonesty itself."

58) In (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* the Privy Council considered the ambiguity in the *Twinsectra Ltd v Yardley* [2002] 2 AC 164 judgment. The former case clarified that there was a combined test for considering the behaviour of a party: what the party knew at the time of a transaction and how that party's action would be viewed by applying normally acceptable standards of honest conduct.

59) In *Harrisons Trade Mark Application ("Chinawhite")* [2004] FSR 13 Pumfrey J commented:

"14 Mr Engelman's argument was a direct challenge to the hearing officer's approach to the question of good faith, but he also objected that it was not open to the hearing officer to infer bad faith from the facts, which he maintained was contrary to the decision of the Court of Appeal in *Davy v Garrett* (1878) 7 Ch D 473 at 489. This I think is a misapprehension as to the scope of the decision in *Davy v Garrett*. That case was dealing with fraud in a different context. In this field context is everything. The words "*bona fide*" or "good faith" are what are sometimes called chameleon words and take their content and their colour from their surroundings. Once the hearing officer had decided that the correct approach was that which I think he may well have been bound to accept, it was open to him to find that objectively the behaviour of the application did not satisfy the second half of the formulation. The word "inference" itself has a wide meaning, as Robert Walker L.J. demonstrates in *REEF Trade Mark* [2003] R.P.C. 5. This was not a question of drawing an inference at all. It was a question of coming to a secondary finding of fact on all the material. I do not consider that the hearing officer's decision is open to challenge on this ground and the appeal must accordingly be dismissed."

60) HRL incorporated a company bearing the offending name a few months after MB's company of the same name was dissolved. This case reduces down to whether HRL has established that it acted in good faith, as stated above, in establishing the defence, the onus falls upon HRL.

61) Mr MacDonald makes no statement as to why or how the company name was chosen. In relation to the company name being adopted less than two months after SC125681 was dissolved, Mr MacDonald states that "there is nothing to suggest this was not co-incidence". He also states that the name has been adopted as being eminently suitable and appropriate for a walking and guiding business and was adopted in good faith. The first comment does not state that it was coincidence, which would have been easy enough to do. The second comment avoids commenting upon the genesis of the name. There is no explanation as to why the name was eminently suitable for a walking and guiding business that does not use ropes, as stated by Mr MacDonald.

62) The form of the name used exactly reproduces the use made by MB, with the (common) misspelling of high and the hyphenation of the two words. Mr MacDonald does not deny that he knew of the name. No evidence of planning for the business has been adduced. As Mr MacDonald has gone to the trouble of registering a company under a particular name, it is reasonable to expect that there is or should be documentation in relation to the intentions and plans of the business. If there was not documentation, at the very least evidence from others about discussions as to the nature of the business could have been adduced; even if this was only in the form of witness statements from friends and relatives. Nothing has been supplied. In relation to the issues surrounding good faith there is a mixture of silence and lacunae.

63) In the absence of evidence supporting the good faith of HRL in adopting the company name, it has not established that the company name was registered in good faith.

64) Consequently, HRL cannot benefit from any of the defences under section 69(4) of the Act and so MB succeeds in its application.

65) Mr MacDonald, in his witness statement, states that if the tribunal upholds the application HRL is willing to change its name to either High Ropes Ltd or to Hi Rope Walking Ltd. These proposed names would still be offending names^{viii} under section 73 of the Act and so are not acceptable to the tribunal.

66) In accordance with section 73(1) of the Act the following order is made:

- (a) Hi-Rope Limited shall change its name **within one month** of the date of this order to a name that does not include High Ropes or Hi Rope or another offending name;
- (b) Hi-Rope Limited, its members and directors shall:

- (i) take such steps as are within its power to make, or facilitate the making, of that change;
- (ii) not cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

If no such change is made within one month of the date of this order, a new company name will be determined as per section 73(4) of the Act and notice will be given of that change under section 73(5) of the Act.

67) MB Inspection Limited having been successful is entitled to a contribution towards its expenses on the basis of the scale of costs given in practice notice 01/08. I order Hi-Rope Limited Ltd to pay MB Inspection Limited expenses on the following basis:

Fee for application:	£400
Fee for filing evidence:	£150
Statement of case:	£300
Preparing evidence:	£500
Total:	£1,350

This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

68) Any notice of appeal against this decision to order a change of name must be given within one month of the date of this order. Appeal is to the High Court in England, Wales and Northern Ireland and to the Court of Session in Scotland.

69) The tribunal must be advised if an appeal is lodged, so that implementation of the order is suspended.

Dated this eighth day of April 2010

David Landau

Allan James

Oliver Morris

Company Names
Adjudicator

Company Names
Adjudicator

Company Names
Adjudicator

ⁱ See: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2010] EWCA Civ 110.

ⁱⁱ *The Law of Passing-Off* (third edition) by Christopher Wadlow:

“As goodwill is protected by the common law it follows that goodwill exists separately in England and Scotland, and in the various Australian states and Canadian provinces.”

ⁱⁱⁱ See the judgment of Pennycuik VC in *Ad-Lib Club Limited v Granville* [1971] FSR1:

“In support of that statement there is cited the case of *Norman Kark Publications Ltd. v. Odhams Press Ltd.*, [1962] 1 All E.R. 636; [1962] R.P.C. 163 in which the first paragraph of the headnote reads:

"In an action to restrain the use of a magazine or newspaper title on the ground of passing off the plaintiff must establish that, at the date of the user by the defendant of which the plaintiff complains, he has a proprietary right in the goodwill of the name, viz., that the name remains distinctive of some product of his, so that the use of the name by the defendant is calculated to deceive; but a mere intention on the part of the plaintiff not to abandon a name is not enough".

Wilberforce, J. went at length into the principles underlying proprietary right in goodwill and annexation of a name to goodwill and the laws of the right to protection of a name and on the facts of that particular case he held that the plaintiff company had lost its right in respect of the name TODAY as part of the title of a magazine.

It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case, it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name AD-LIB CLUB is attached. It does, indeed, appear firstly that the defendant must have chosen the name AD-LIB CLUB by reason of the reputation which the plaintiff company's AD-LIB acquired. He has not filed any evidence giving any other reason for the selection of that name and the inference is overwhelming that he has only selected that name because it has a reputation. In the second place, it appears from the newspaper cuttings which have been exhibited that members of the public are likely to regard the new club as a continuation of the plaintiff company's club. The two things are linked up. That is no doubt the reason why the defendant has selected this name.”

^{iv} *The Law of Passing-Off* (third edition) by Christopher Wadlow at 3-178:

“The better view is that if a business is deliberately abandoned in circumstances which are inconsistent with its ever being recommenced then the goodwill in it is destroyed unless contemporaneously assigned to a new owner. Otherwise, the goodwill in a discontinued business may continue to exist and be capable of being protected, provided the claimant intended and still intends that his former business should resume active trading. It is not necessary that the prospect should be imminent, but the mere possibility of resumption if circumstances should ever change in the claimant's favour is not enough. The claimant's

intention to resume business may the more readily be believed where the original cessation was forced on him by external circumstances, but this factor is not conclusive either way.”

^v Section 59(1) of the Act.

^{vi} An exception to this could occur where an applicant has ceased trading by reference to a company name, the company has been removed from the register of companies and the applicant has a residual goodwill.

^{vii} *Harrods v Harrodian School* [1996] RPC 697 Millett LJ:

“The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

and

“The name "Harrods" may be universally recognised, but the business with which it is associated in the minds of the public is not all embracing. To be known to everyone is not to be known for everything.”

^{viii} An “offending name” means a name that, by reason of its similarity to the name associated with the applicant in which he claims goodwill, would be likely— to be the subject of a direction under section 67 of the Act (power of Secretary of State to direct change of name), or to give rise to a further application under section 69 of the Act.