

O-006-06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2357654
BY STEPHEN ANDERSON TO REGISTER THE
MARK THINKFARM IN CLASSES 16, 35, 38, 41 AND 42**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER
No. 92716 BY STEPHEN IZATT**

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**IN THE MATTER OF Opposition thereto under
No. 92716 by Stephen Izatt**

BACKGROUND

1. On 5 March 2004 Stephen Anderson applied to register the trade mark THINKFARM for the following specification of goods and services:

Class 16:

Printed matter; newspapers, periodical publications; journals and magazines; photographs; reprint articles of periodical publications; posters; stickers.

Class 35:

Advertising, promotional, marketing and branding services; organising, arranging and conducting shows, exhibitions, and competitions; providing business and marketing information; consultancy and advisory services relating to the aforementioned services.

Class 38:

Cellular and digital telephone services; transmission of telephone ring sounds, logos, films and moving images for screen displays.

Class 41:

Entertainment, education and instruction by or relating to radio, and television, cinematic, Internet, and digital telephones; production, presentation, distribution, syndication, networking and rental of television and radio programmes and of films, music, sound, multimedia, and video recordings; production and rental of educational and instructional materials; publishing; organisation, production and presentation of events for educational, cultural or entertainment purposes; organisation, production and presentation of competitions, contests, award ceremonies, games, quizzes, exhibitions, shows, concerts, staged events, provision of entertainment and education for accessing via telecommunication, Internet and computer networks; organising, arranging and conducting conferences, seminars and award ceremonies; provision of information and consultancy services relating to any of the aforesaid services.

Class 42:

Computer and multimedia software services, all relating to the provision of information and ring tone sounds, logos and moving images relating to information, and cellular and mobile telephone technology and Internet related issues.

The application is numbered 2357654.

2. On 12 August 2004 Stephen Izatt filed notice of opposition against this application citing grounds under Section 3(6), 5(4)(a) and 5(4)(b). The opponent's case under Section 3(6), which

appears to be the primary ground of opposition, can be gleaned from the following background information given by Mr Izatt in his capacity as Managing Director of a company called Thinkfarm Limited:

“Thinkfarm Limited is a company specialising in the design and production of marketing communications across multiple media. The management team of Thinkfarm Limited, Stephen Anderson (The Applicant) and others were Directors of a similar company called 4i Limited offering creative and IT services, the latter being his area of speciality. Unfortunately, that company got into severe financial difficulty following the cancellation of a major client contract that was being managed by The Applicant. A decision was taken by the board; including the Applicant, to call in a Licensed Receiver to advise us and be ready to take the company into receivership should that be the only remedy in the interests of our creditors, primarily, the bank.

After the contract was cancelled, and following the decision to call in advisors, The Applicant voluntarily resigned from the board and employment of 4i Limited so that he could take up employment directly with the client who had cancelled the contract and offered him a role. He did remain a shareholder. During the period following his resignation, the advice of the consultant was followed and 4i proposed voluntary receivership. We were advised to use the money in the company to support the operation for a period of around three months in order to finish contracts and generate as much income as possible to pay creditors. We wound up the company on the 27th February and we successfully paid all creditors bar a small amount outstanding to the Bank.

At the shareholders meeting where the vote was taken to wind up 4i, two shareholders present were particularly agitated. One of these was Mr. Anderson, The Applicant, who challenged the motion for voluntary receivership as recommended by the external advisor and the bank’s receivers. He stated his opinion that, with additional investment, the company should and could continue. However, the case for voluntary receivership was made very clear by the consultant, receivers and directors. Eventually The Applicant voted in favour on the basis that there was no alternative. However, he was clearly not happy and made accusations regarding the behaviour of the official receivers and directors that were unsupportable and possibly libellous. No retaliatory action was undertaken.

Four of the Directors of 4i, established Thinkfarm Limited so that they could continue to make a living following the demise of 4i Limited. The Receiver was keen to support this as he considered it the best way of work in progress being bought by the new company so that it could be completed and billed to the benefit of the creditors. He asked us to establish a company before the shareholders meeting so that we could be ready, if the vote was in favour of receivership, to negotiate terms for us to buy any assets that we wanted from 4i for an agreed sum to include work in progress. The Bank’s receiver also supported this, as his interest was in selling all the assets and work in progress to one buyer and maximising returns to creditors.

Mr Anderson, The Applicant, was asked if he wished to make an offer for the total package of assets and he said that he did. He and another shareholder did make offers for various assets but not for the whole package as requested by the Official Receivers, who considered this the way to achieve the highest return to their clients. The directors of Thinkfarm Limited made an offer for the whole package and made it clear that they were only interested in the total package. The offer was accepted.”

3. In summary Mr Izatt alleges that:

- “- The Directors of Thinkfarm Limited invented the name Thinkfarm, a fact that is well documented and time stamped.
- A company was formed and started trading before Mr Anderson applied for the Trademark. Thinkfarm Limited has a clear albeit brief history of using the Thinkfarm mark prior to Mr Anderson’s application.
- Mr Anderson shows no history or intent of trading as Thinkfarm and furthermore, has no expertise in marketing, branding or design of the type offered by Thinkfarm and making part of his application.
- Mr Anderson appears to have made his application immediately on discovering the name under which his previous colleagues, against whom he appears to hold a grudge, would trade.
- Mr Anderson has taken the exact form of representing Thinkfarm used by Thinkfarm Limited on their website and within announcements and submitted it as his.
- Given the interactions and attitude displayed by Mr Anderson at official meetings and during the following week after the winding up of 4i Limited and prior to the establishment of Thinkfarm, we believe that he is interested in obstructing his previous colleagues from being successful in their new venture.”

4. Mr Anderson filed a counterstatement denying the claims against him. In relation to the key ground under Section 3(6) he says:

“I conceived of THINKFARM as a new business venture that I planned to set up following my resignation from my previous employer 4i Limited sometime during November and December 2003.

I cannot recall the exact date as it was conceived during a period when I was exploring ideas of what to do after 4i. During this period I would occasionally meet with Stephen Izatt, a friend and fellow director of 4i, for breakfast or a quick drink.

At that time we were both kicking around ideas of what do in future as he was also faced with the possibility of what to do if 4i Limited folded. I should point out that it was he and I that originally set up a company called S-Corp in 1998 /9 Limited which eventually merged with 4i.

Given my technological background we toyed with the idea of 3G (third generation) mobile telephones and me setting up an organisation to service this market with Stephen possibly investing in my company. This would either be complimentary [sic] to 4i – allowing us to share business – or separate, e.g. if 4i folded.

I conceived the name THINKFARM during one of these sessions – although I must admit to it not being entirely original since it was in part inspired / triggered by a similar name – THOUGHTWORKS – a technology consultancy with which I was familiar.”

5. Only the opponent has filed evidence. Neither side has asked to be heard or sought cross-examination. Furthermore, neither side has filed written submissions. I, therefore, take this decision after a full consideration of the papers on file.

DECISION

6. Section 3(6) of the Act provides that “a trade mark shall not be registered if or to the extent that the application is made in bad faith”.

7. There is as yet no guidance from the European Court of Justice on what constitutes bad faith. So far as the UK Courts are concerned Lindsay J indicated in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 that:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances”.

8. More recently the Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, (Privy Council Appeal No 38 of 2004 on which judgment was delivered on 10 October 2005 - not reported at the time of writing). In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The following passage from Lord Hoffman’s judgment sets out the position as follows:-

“[Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

“36. I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant's mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to "what he knows would offend normally accepted standards of honest conduct" meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant "consciousness that one is transgressing ordinary standards of honest behaviour" was in their Lordships' view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were."

9. On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on Mr Anderson's state of mind regarding the transaction if I am satisfied that his action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

10. In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (*Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

11. There is no disagreement between the parties either as to the circumstances surrounding the demise of 4i Limited, the company with which they were both involved or the fact that Mr Anderson resigned from that company. It seems that, notwithstanding the cancellation of the contract that was being managed by Mr Anderson, he and Mr Izatt remained on sufficiently friendly terms in late 2003 and (possibly) early 2004 to meet occasionally and discuss their future business plans. Indeed, it seems that they considered a continuing business relationship involving 3G mobile telephone/media. The relationship appears to have broken down at or about the time of the shareholders meeting held on 27 February 2004 where a vote was taken on the winding up of 4i Limited.

12. There is a direct conflict between the parties as to the circumstances in which one or the other conceived the name THINKFARM and the time when this happened. Mr Anderson claims that he conceived the name during one of his sessions with Mr Izatt and that the choice of name was inspired by the name THOUGHTWORKS. He does not say precisely when this happened. Mr Izatt, on the other hand claims that the name was invented by the Directors of Thinkfarm Ltd and that Mr Anderson has in effect adopted it as a spoiling tactic.

13. At this point it is convenient to turn to the evidence filed in these proceedings. This comes from Mr Izatt and two of his fellow Directors Robert Mark Norton and Michael Eric Warry.

14. I will start with Mr Norton and Mr Warry's evidence because they are credited with creating the name THINKFARM. Mr Norton traces the start of the process to the days preceding the weekend of 7/8 February 2004. He says that, initial attempts to come up with a name were

unsuccessful so he generated a 'brainstorm list' over the weekend in question. He exhibits (MN1) a copy of an e-mail dated 9 February 2004 which lists the fruits of his brainstorming. Some 70 or so names were put forward including a number based on the use of the element 'farm' viz farm4, idea farm, mediafarm and thinkfarm. The latter was considered to be a preferred option and was considered to have the advantage of not being registered (whether as a trade mark, company name, or domain name is not clear). Additionally he exhibits (MN2) a text message dated 10 February 2004 which is said to have been sent to a client and invites the client's views on the name.

15. Mr Warry tells a similar story about the events and timing leading up to the choice of name. He says that he and his wife spent an hour or so over the weekend of 7/8 February coming up with suggestions for names. He entered them onto a spreadsheet, a copy of which is exhibited at MW1. Mr Warry's spreadsheet shows, inter alia, the word 'farm'.

16. Mr Izatt's evidence supplements the above with documentation showing the steps that were taken on and after 9 February 2004 to agree the name and use it in a business context:

- SJ1 - an internal e-mail circulating Mr Norton's list of possible names;
- SJ2 - a letter from Nominet dated 10 May 2004 confirming registration of the name thinkfarm.co.uk for two years from 10 February 2004;
- SJ3 - a holding page showing the thinkfarm web page;
- SJ4 - e-mails dated 4 March 2004 sent out to clients introducing THINKFARM along with a reply from a firm called Harbottle & Lewis LLP;
- SJ5 - correspondence from Bourner Bullock Chartered Accountants enclosing Companies House documentation. This records Thinkfarm Ltd as having been incorporated on 13 February 2004;
- SJ6 - VAT registration papers dated 18 March 2004 (strictly this is after the material date);
- SJ7 - a Lloyds Bank 'Limited Company Authority' form dated 20 February 2004;
- SJ8 - the front page of an Inland Revenue form for recording New Company Corporation Tax Details referring to a commencement of trading date of 1 March 2004;
- SJ9 - a letter from Bourner Bullock Chartered Accountants dated 23 March 2004 relating to salaries payable for March;
- SJ10 - the first page of a lease relating to Thinkfarm's Wardour Street premises dated 4 March 2004;
- SJ11 - a BT form relating to line ordering dated 2 March 2004;
- SJ12 - a further BT letter dated 3 March 2004 confirming the order of analogue lines;
- SJ13 - an order form from Clara.net dated 3 March 2004 relating to a leased internet line;

SJ14 - stationery artwork for Thinkfarm letterheads etc. electronically time stamped 3 March 2004;

SJ15 - stationery artwork for Thinkfarm business cards electronically time stamped 3 March 2004.

17. There is ample material here to demonstrate the process by which the THINKFARM name was generated and the steps taken to set up a business with a view to trading under the name in the period of a month or so prior to Mr Anderson's trade mark application. There is no evidence of actual trading by the material date. Mr Anderson has not sought to challenge any of this evidence or to file evidence to substantiate his own claim.

18. THINKFARM is a strikingly unusual name. It is scarcely credible that two parties could have coined the name independently at about the same time. Even less so if those parties were former business partners. Certain key dates emerge from the pleadings and evidence. They are:

- 9/10 February 2004 - coining of the name by Messrs Norton and Warry and adoption as the name of the new business venture
- 13 February 2004 - Thinkfarm Limited incorporated
- 27 February 2004 - shareholders' meeting and winding up of 4i Limited
- 5 March 2004 - Mr Anderson's trade mark application filed

19. Mr Izatt's uncontradicted claim is that the 4i receiver had suggested the setting up of a new company prior to the shareholders' meeting so that the four 4i directors who wished to continue working together would be in a position to buy any assets from 4i in the event of the vote being to wind up the company. That is indeed what happened and in making their offer for the package of assets they were in competition with Mr Anderson. Mr Anderson does not deny that he was at that meeting or that he acted in the way described by Mr Izatt in his statement of grounds. If he was not already aware of the opponent's THINKFARM project prior to the meeting it is reasonable to assume that he would have become aware of it at that time particularly as he was bidding against Thinkfarm Limited for 4i assets. Furthermore, if he had himself conceived the name by that time it would have been surprising if he had not taken issue with his former colleagues over their choice of name.

20. In the light of these events and Mr Anderson's failure to point to any evidence in support of his own explanation as to how he came to adopt the mark, I am left to conclude that his intention in applying for the mark a week or so after the 4i shareholders' meeting was to obstruct his former colleagues' new business venture. His actions thus fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men. The opposition succeeds under Section 3(6). In the circumstances of this case there is no need to consider the alternative grounds.

COSTS

21. The opponent is entitled to a contribution towards his costs. The opponent has not been professionally represented in these proceedings.

22. In *Adrenalin Trade Mark*, O-040-02, Simon Thorley QC, sitting as the Appointed Person on appeal, observed that:

“It is correct to point out that the Registrar’s practice on costs does not specifically relate to litigants in person but in my judgment it could not be that a litigant in person before the Trade Mark Registry could be placed in any more favourable position than a litigant in person before the High Court as governed by the CPR. The correct approach to making an award of costs in the case of a litigant in person is considered in CPR Part 48.6.”

Part 48.6 of the Civil Procedure Rules referred to in the above passage provides as follows:

“**48.6**-(1) This Rule applies where the court orders (whether by summary assessment or detailed assessment) that costs of a litigant in person are to be paid by any other person.
(2) The costs allowed under this Rule must not exceed, except in the case of a disbursement, two-thirds of the amount which would have been allowed if the litigant in person had been represented by a legal representative”

23. Basing my award on the above considerations, I order the applicant to pay the opponent the sum of £700. 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.

Dated this 6th day of January 2006

**M REYNOLDS
For the Registrar
the Comptroller-General**