

O-010-09

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No 2459772  
BY CANARIES SEASCHOOL SLU TO REGISTER THE TRADE MARKS**



**AND**



**IN CLASSES 39 AND 41**

**AND IN THE MATTER OF OPPOSITION  
THERE TO UNDER NO 95502  
BY MRS BARBARA WILLIAMS**

## TRADE MARKS ACT 1994

### IN THE MATTER OF Application No. 2459772

by **Canaries Seaschool SLU** to register the Trade Marks **Club Sail Sea School** and device and **Club Sail** and device in **Classes 39 and 41**

and

### IN THE MATTER OF Opposition thereto under No. 95502

by **Mrs Barbara Williams**

## BACKGROUND

1) On 27 June 2007, Canaries Seaschool SLU of Calle Mejico 27 Ap 1C, Tejina, Guia de Isora, Santa Cruz de Tenerife, Spain applied under the Trade Marks Act 1994 ("the Act") for registration of the following series of two trade marks:



2) The application was in respect of the following services:

Class 39: Yacht Charter: skippered and bareboat.

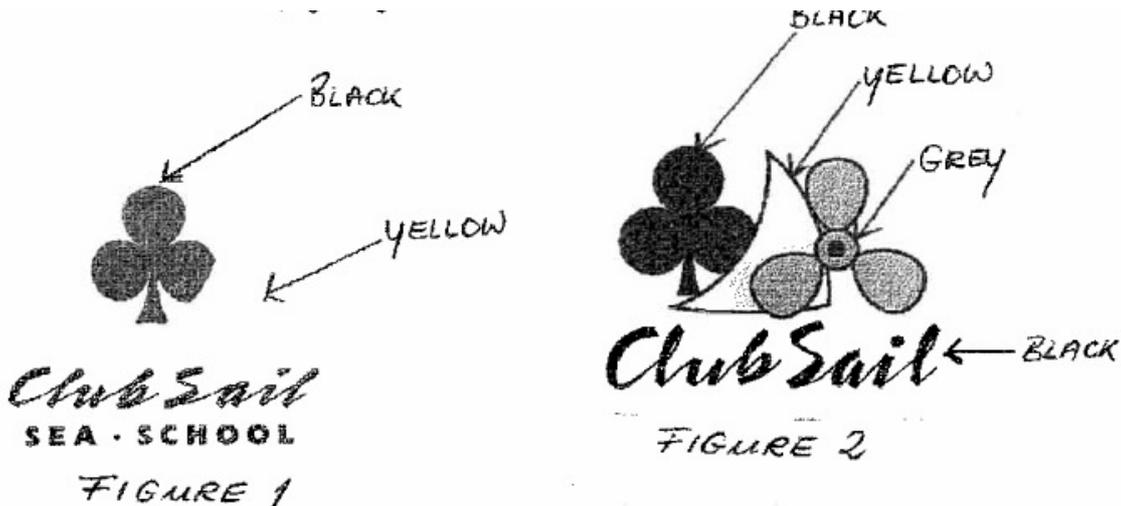
Class 41: Yacht Sailing School and Training Centre; Powerboat School and Training Centre; Associated sailing related shorebased courses.

3) The application was subsequently published in the Trade Marks Journal on 7 September 2007.

4) On 17 September 2007, John and Barbara Williams of Pista Acceso Vera de Erques, 38685 Guia de Isora, S/C Tenerife, Spain filed notice of opposition to the application. The name of the opponent was later amended to Barbara Williams only. The opposition is based on the grounds that the applicant's trade mark offends under Section 3(6), Section 5(4) (a) and Section 5(4) (b) of the Act. The ground under Section 3(6) is that the application was made in bad faith, maliciously, to deny the opponent its prior rights established and used for over

twenty years. The claim is that the son of the opponent, together with his girlfriend, Janet Wills and unnamed others operate businesses in competition with the opponent on the island of Tenerife and have employed malicious tactics in an attempt to take business away from the opponent's business. These tactics include making the UK trade mark application, the subject of these proceedings.

5) The grounds under Section 5(4) (a) and Section 5(4) (b) are by virtue of the law of passing off and the law of copyright respectively and are based upon the opponent's earlier rights in two signs shown below and are as represented on the form TM7.



The "sail" device is not visible in the first representation of the sign on the form which was faxed to the Registry, but it is indicated that there is an element coloured yellow and this element appears to partly obscure the "club" device to the identical extent as the "sail" device that is present in the second sign and also in the applicant's trade mark. The opponent explains that the "propeller" device was added to its sign in 1994 resulting in the second sign it relies upon.

6) The opponent claims these earlier rights have been used in relation to yacht charter services, sailing school services since January 1988 and that the services of motor yacht and powerboat training "were added later". It exhibited at the London Boat Show every year between 1988 and 2001 and after that it restricted its exhibition attendance to the Southampton Boat Show and the Barcelona Boat Show. It has been recognised over the years by the Royal Yachting Association and has references from this organisation as well as the Yacht Charter Association and the National federation of Sea Schools.

7) A detailed history of the opponent's and applicant's business activities is also provided and I shall refer to this as necessary later in this decision.

8) The applicant subsequently filed a counterstatement denying the grounds for opposition and putting the opponent to strict proof of use.

9) Both sides filed evidence in these proceedings. Neither side requested to be heard. Both sides ask for an award of costs. After a careful study of all the papers, I give my decision.

### **Evidence and Submissions**

10) The opponent filed:

- (i) Two witness statements from Mr John Herbert Williams (JW), the founder of Club Sail Sea School in 1987 and husband and business partner of the opponent.
- (ii) A witness statement from the opponent, Mrs Barbara Gabriele Maria Williams (BW). This substantially mirrors the content of JW's first witness statement and I will not need to comment separately on its contents.
- (iii) Two witness statements from their other son, Mr David Michael Williams (DW).

11) The applicant filed:

- (i) A witness statement dated 30 June 2008 by Andrew Williams (AW), Director of Club Sail Limited and partner of the applicant company, Canaries Seaschool SLU trading as Club Sail Sea School. Andrew Williams is the son of the opponent and John Williams.

12) The information provided by JW and BW goes into great detail regarding the development of the various Club Sail businesses and the salient points from their witness statements are summarised below and I will draw attention to where AW disputes their account.

13) "Club Sail Canaries" is a partnership between JW and BW, founded in 1993 and is still active and JW contends that it has continuously used the "Club Sail" name and logo.

14) The use of the "Club Sail" trade marks (as described in paragraph 5) began in 1987 and was used by a number of UK and Spanish incorporated companies in which the opponent and her husband participated in. These companies existed alongside the partnership mentioned in paragraph 13 above. All these businesses bore the name Club Sail and used the Club Sail logo. Club Sail used a UK base and a base in Tenerife up to 1994. After this time, the business was based exclusively in Tenerife. Although not expressly stated, the inference is that the opponent's customer base was predominantly from the UK. This is inferred by the fact that these "Club Sail" businesses were recognised by UK based organisations such as the Royal Yachting Association (RYA) and a member of the Yacht Charter Association and the National Federation of Sea Schools and

all evidence of promotional activities, such as the draft advert exhibited at JHW/33 relates to a UK customer base. JW states that he designed the logo and copyright in the same resides with him. AW is unable to confirm or deny this and JW was put to proof of use on this point. No corroborative evidence has been forthcoming.

15) From 1987, the services provided by these “Club Sail” businesses were those of sailing tuition and chartering. This was extended in 1998 to include powerboat tuition. This additional service was identified by the “Club Sail” trade mark developed in 1994 incorporating an additional propeller device and it is this trade mark that is the subject of these proceedings. Club Sail & Powerboats S.L. was a Spanish limited company incorporated in July 1998 and ceased trading in February 2003. This was the first of the Williams’ companies that was not set up solely by JW and BW. AW was a director with a 30% shareholding. This company managed sailing and motor yachts. Club Sail also acted as a distributor of motor yachts for several manufacturers. This side of the business was conducted by a company incorporated in Jersey in October 1998 called Club Sail & Powerboats (Jersey) Ltd and ceased trading in December 2003. It is not clear who were the directors of this company, but the strong implication in JW’s witness statement is that it was his and his wife’s business. Both businesses utilised the Club Sail identity and logos.

16) JW also states that Club Sail & Powerboats (Jersey) Ltd also franchised out the sailing school section of the Club Sail business in June 2001 in order that JW and BW could concentrate of the sale of motor yachts. This franchise agreement was with Mr Dominic James Lonsdale of Camborne in Cornwall, whose office location was to be advised. As only the first two pages of the agreement are provided (Exhibit JHW/37), the full details are not disclosed but it included the statement “... the Franchisor grants to the Franchisee the right to use the Mark and the Know-How only” and is dated 11 June 2001. The franchise was terminated in December 2003. The Spanish limited company continued to manage the yachts sold by the Jersey registered company until it ceased trading in February 2003. After this time there was no one to manage these yachts and AW and his brother DW began a company called Ocean Yacht Management. This was incorporated as a Spanish limited company in April or May 2003. AW and DW were directors and owners of this company. Little if any work was undertaken by this company at this time.

17) The Club Sail services were promoted in the UK through attendance of JW and BW each year at the London Boat Show (until 2001) and also at least some years at the Southampton Boat Show, through the domain name [www.clubsail.com](http://www.clubsail.com), registered in August 1998 and through adverts in various sailing and motor yachting magazines. There is some disagreement over the exact attendance at these boat shows, and also to the extent of use made of the website to promote the business’ activities prior to AW’s involvement, but these issues are not critical in my considerations that follow.

18) Other than where stated, none of the above is contested by the applicant other than AW, in his witness statement, making the general assertion that “the opponents have shown no interest in the trade marks from 2000”. This is at odds with JW’s account of activities that indicate business interests involving himself and his wife until at least December 2003, when the sailing school franchise was terminated. But no specific criticisms of the information relating to the franchise are made by the applicant.

19) In January 2004, JW states that he set up a RYA powerboat school in order to provide powerboat training on his boat and that AW agreed to run the school. Evidence in the form of a RYA invoice, credit card bill and a cheque stub (Exhibits JHW/38, 39 and 40 respectively) is provided to demonstrate that AW’s training and the annual RYA inspection was paid for by his parents. There is no evidence to show which business entity was responsible for the Club Sail business at this time and the RYA invoice referred to above was merely addressed to “Club Sail Sea School”. In March 2004, AW also began RYA sailing tuition using a chartered vessel. At this time, JW claims that AW continued to use the name Ocean Yacht Management whilst using the Club Sail facilities. These activities coincide with when AW states that he founded his business, and as such highlights a key difference between the parties at this stage as it appears that both parties considered the Club Sail business to be theirs. Key to this is the nature of the agreement, if any between AW and his parents. JW claims it took the form of a “verbal franchise” with limitations on use of the Club Sail logo, but AW claims he was free to “re-establish” the business and that no mention was made of his parents retaining any rights to the trade marks of the previous business.

20) By the end of 2004, the Club Sail business was well established with JW providing a powerboat for AW’s RYA tuition and with yachting tuition also being provided by AW using chartered boats.

21) In November 2004, JW brokered the sale of a yacht to ex-fishing clients of his. This yacht was placed into the management of AW’s company Ocean Yacht Management S.L. and the yacht acted as a training vessel for the Club Sail Sea School. Also at this time, the sailing tuition was increasing and an outside instructor was brought in to provide the powerboat tuition using JW’s boat to allow AW to concentrate on the sailing tuition. AW continued to manage the office (AW’s submission is that his mother helped to run the office). At the end of this year AW returned to the business to run the powerboat tuition and this remained the set up throughout 2005. It was specifically agreed that JW and his wife would not take any income from the sailing or maintenance side of the business and JW contends that they specifically agreed to allow their son to use the Club Sail logo but that it would remain the property of his parents. AW contends that nothing was said about the Club Sail logo.

22) In April 2006, DW left the business. AW intended to use a competitor to provide the powerboat tuition but his parents objected. They reached an agreement where JW would run the powerboat tuition side of the business and sought separate RYA recognition for this. According to JW, this provided his only source of income at this time. JW claims that the “verbal franchise” agreed included the conditions that AW could only use the original logo (without the propeller) to promote the sailing side of the business and then only when trading as a sole trader. Use of the logo featuring the propeller device was limited to the promotion of the powerboat tuition now being provided by JW. Also at this time, AW stopped using his parent’s workshop and office facilities and BW stopped working for the sea school. In the late Summer of 2006, AW moved the business base to a new location some distance from where the business had previously been run and from where his parents lived.

23) Between July and October 2006, JW provided powerboat tuition under the name Club Sail Sea School with leads being passed on to JW from the applicant. The forwarding of these leads to JW ceased in October of that year. At this point, the relationship between AW and his parents took a significant turn for the worse and this is represented in JW’s witness statement by reference to a number of alleged incidents. I will not detail these other than to summarise the underlying issues that AW had stopped using JW to provide powerboat tuition and instead had turned to, what had previously been, a competitor to the business to provide the tuition.

24) AW, in his witness statement, also provided information regarding the level of success of the Club Sail business and provided the following information. The majority of Club Sail Sea School clients come from the UK and that in 2005/2006, 84.6% of all its clients came from the UK. Sales and promotion figures were as follows:

<b>Year</b>	<b>Sales</b>	<b>Promotional spend</b>
2004	£32,669	£3,036
2005	£60,222	£5,338
2006	£128,113	£8,026
2007	£158,246	£21,656

The promotional spend includes the placing of advertisements in the UK publications Sailing Today and Yachting Monthly.

25) BW in her submissions of 21 July 2008 claims these figures are inaccurate and that the figures relating to the years 2004 – 2006 were kept by herself and JW. However, no alternative figures are provided.

26) Club Sail Sea School, under the direction of AW continued to grow, as evidenced by the turnover figures referred to above. Exhibit AW2 to AW’s witness statement includes a calendar of events dated December 2006 and for

the year 2007 Included in this list of events is a “celebration cruise” to celebrate the fact that “Club Sail Sea School” was 21 years old on 1 October 2007. At some stage, ownership of [www.clubsail.com](http://www.clubsail.com) was transferred to the applicant company but it is not clear if this was done with the acquiescence of AW’s parents. The applicant has also registered [www.clubsail.co.uk](http://www.clubsail.co.uk) which is directed to the original site. Exhibit AW3 is a print out of “who is” search data showing that [www.clubsail.com](http://www.clubsail.com) is owned by the applicant.

27) JW provides at Exhibit JHW/59 and JHW/60 extracts from the Club Sail website dated 17 July and 16 July 2007 respectively that illustrate that Club Sail was still promoting JW as the founder of the business and still provided the powerboat tuition. The first of the applicant’s two trade marks appears in the second of these extracts and the history of Club Sail is described. I will return to this in more detail later in the decision.

28) In April 2007, AW incorporated the applicant company in Spain on the advice of his accountant as his turnover was now too great to claim sole trader status. AW also incorporated a company in the UK called Club Sail Ltd in June 2007. This was allegedly done without the permission or knowledge of his parents.

## **DECISION**

### **Section 5(4) (a)**

29) I will consider the ground under Section 5(4) (a) first. That section reads as follows:

“5.-(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) .....

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark”.

30) The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] R.P.C. 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

(1) that the opponents' goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponents; and

(3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

31) To the above I add the comments of Pumfrey J (as he then was) in the *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case [2002] RPC 19, in which he said:

"27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur."

32) It is well established that the relevant date in a passing off action is the date of the commencement of the action complained of: *Cadbury Schweppes Pty Ltd v. Pub Squash Co Pty Ltd* [1981] RPC 429. Consequently, the opponent contends that the applicant commenced use of the trade marks in a way that resulted in passing off from the time JW and BW were excluded from the business in October 2006.

33) Therefore, I must first assess if the opponent has acquired any goodwill and if so, what is the extent of this goodwill at the relevant date. Firstly, I will consider

what, if any, goodwill the applicant has acquired from the previous Club Sail businesses either ran by AW's parents or jointly between his parents, himself and his brother.

34) The opponent's business activities have been provided on the Spanish island of Tenerife. I need to ascertain if these business activities have resulted in a goodwill being established in the UK upon which it can base its case for passing off. The test for this was set out in *Pete Waterman Ltd and Others v. CBS United Kingdom Ltd [1993]* where the Vice-Chancellor, Sir Nicholas Browne-Wilkinson commented:

“As a matter of legal principle, I can see no reason why the courts of this country should not protect the trading relationship between a foreign trader and his United Kingdom customers by restraining anyone in this country from passing himself off as the foreign trader. The essence of a claim in passing off is that the defendant is interfering with the goodwill of the plaintiff. The essence of the goodwill is the ability to attract customers and potential customers to do business with the owner of the goodwill. Therefore any interference with the trader's customers is an interference with his goodwill. The rules under which for certain purposes a specific local situation is attributed to such goodwill appear to me to be irrelevant. Even if under such rules the situs of the goodwill is not in England, any representation made to customers in England is an interference with that goodwill wherever it may be situate. Only if English law refuses to recognise the existence of rights locally situate abroad, should the English courts refuse to protect such rights. But English law in general is not so chauvinistic; it does recognise and protect rights which are locally situate abroad. The rights of a beneficiary under a New York trust in assets in England will be protected by an English court even though the situs of his right is in New York. Therefore, when a foreign trader has customers here, one would expect the English courts to protect his goodwill with those customers.”

35) Although the actual proportion claimed by AW is disputed by BW in her submissions of 21 July 2008, I accept that the majority of customers of the past and current Club Sail businesses have been obtained from the UK. The submissions of AW in relation to this point together with the various exhibits from both parties relating to advertising in UK based boating and yachting magazines and also to recognition by various UK based organisations are all evidence of this. I am therefore satisfied that there is a protectable goodwill in the UK in relation to both past and present Club Sail businesses. I also accept the turnover figures provided by AW is being indicative of the scale of the business even though this is also criticised by BW as being inaccurate. It is clear that the applicant has benefited from both the goodwill built up by JW and his wife in their previous Club Sail businesses as well as from the goodwill that exists in the current business. The existence of this goodwill is indicated by the various

references to “a reputation since 1988” and “21<sup>st</sup> Birthday of Club Sail Sea School” on the Club Sail website (see Exhibits JHW/59 and JHW/60, dated 17 and 16 July 2007 respectively).

36) The current Club Sail business clearly takes full advantage of the previous goodwill built up by his parents in its promotion of itself to potential customers. The question I must ask is who owned the goodwill under the Club Sail logo applied for, at the date of application.

37) There is evidence that AW is wrong in his submission that his parents “have shown no interest in the trade marks from 2000”. JW provides evidence of business activity under the Club Sail identity such as the franchise agreement of 11 June 2001 and also the advertisements in various sailing and motor yachting magazines in 2004, including in the May edition of Sportsboat & RIB magazine. An invoice relating to the placing of this advert is provided at Exhibit JHW/43. Nevertheless, there is an absence of evidence to support either parties contentions regarding the nature of any agreement between AW and his parents. AW’s submission is that he was free to “resurrect” the business as he saw fit. This implies that his parents acquiesced to him using the goodwill from the previous business. This account is plausible as business details can be overlooked or assumed when discussed between family members. AW goes further and would have me believe that it was only later, in 2007, that his parents changed their mind, motivated by financial considerations. On the other hand I have JW and BW’s contentions that there was a “verbal franchise” agreement in place implying that his parents retained an ongoing interest in the goodwill built up over the years in the various Club Sail businesses.

38) Both versions of events are plausible, but in the absence of an opportunity to clarify these issues through cross-examination, I find there is insufficient evidence to support either version. Therefore, any assessment of what goodwill JW and BW enjoyed prior to 2004 is rendered irrelevant by the fact that it is unclear what conditions, if any, were placed upon AW, when exploiting the goodwill residing in the previous Club Sail businesses. As a result, I am unable to find that the applicant misrepresented the goodwill of JW and BW’s earlier businesses.

39) Next, I must go on to consider the nature of the goodwill that existed in the business after 2004 and whether this resided wholly with the applicant and if not what, if any, are the implications for these proceedings. The questions to be asked when establishing who owns goodwill are set out in Christopher Wadlow’s *The Law of Passing-Off*, 3<sup>rd</sup> Edition, at paragraph 3-108:

“...the following questions are relevant as to whom owns the goodwill in respect of a particular line of goods, or, *mutatis mutandis*, a business for the provision of services:

1. Are the goods bought on the strength of the reputation of an identifiable trader?
2. Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory?
3. Who is the most responsible in fact for the character or quality of the goods?
4. What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill.”

40) It is known that DW initially ran the powerboat tuition up to his departure in April 2006. At this time, JW took over the running of this side of the business. Regardless of the arrangements concerning the residual goodwill from previous Club Sail businesses, from this point onwards, any goodwill accrued by the business would have been jointly held between AW and JW. The business operating under the trade mark Club Sail utilised this goodwill in the promotion of its activities where it describes itself as “a family run business” and promotes JW’s contribution to the business on its website. Of particular relevance are a number of exhibits submitted by the opponent. Exhibits JHW/59 and JHW/60 consist of extracts from the applicant’s website dated the 17 and 16 July 2007 respectively. The first of these pages is entitled “Clubsail Powerboat Courses in Tenerife” and includes the following text (with my emphasis):

“Club Sail Sea School has been providing RYA Tuition for over 17 years. It is based in the Canary Islands, with all year round sunshine – which enables you to make the most of your course. Club Sail Sea School is a recognised Royal Yachting (RYA) Training Centre for RYA Approved Power Boat tuition from its Power Boat base in Puerto Colon.

Headed by Andrew Williams, and supported by his team of experienced staff, **Club Sail is a family business**, whose mission is to provide a personal service to all its multi-national clients.

Andrew has been sailing since he was eight years old, and has been a RYA Yachtmaster Instructor for 15 years. He is qualified in sail, motor yachting, and power boats. **Most of the Power Boat courses are taken by Andrew’s father John. John heads up the Power Boat side of Club Sail, and is also a very experienced sailor qualified in sail, motor yachting, and power boats.**”

41) The second page is entitled “History of Club Sail, and its involvement with the RYA” and includes the following text (again with my emphasis):

“Club Sail Sea School was established in 1986 in Southampton, United Kingdom, by John Williams.

A foreign base was opened in Tenerife in 1988 to make the most of the warmer winter climate. This was the first RYA approved overseas Training Centre. Club Sail Sea School still uses the same principles that John first identified when he started his RYA school all those years ago. ***It still remains a family run business, putting value, service and attention to detail above all things. Andrew Williams (John’s eldest son) now is the Principle of the school, and carries out the majority of the advanced tuition assisted by the rest of his team. John still remains active within the school, but concentrates on the Powerboat side.***

With over 17 years operation in the Canary Islands, Club Sail Sea School has the experience that you should look for when choosing RYA tuition or management for your Yacht.”

42) These two extracts illustrate that the applicant promoted the business as being “family run” and with AW’s father heading up the power boat tuition side of the business. This also illustrates that the goodwill in the business was, to a significant extent, as a result of the activities of JW. Therefore, the services provided by JW and AW would have been associated in the minds of their customers or prospective customers. The services would have been bought on the strength of the provider being a family business with experienced family members providing the tuition and both AW and JW would be seen as both being responsible for the quality of the services. The responsibility, in fact, for the powerboat tuition lay with JW with AW taking responsibility for the sail boat side of the business. I therefore find that the goodwill in the current business is shared between JW and AW.

43) Having established that JW jointly held a goodwill in the business from at least April 2006, I must go on to consider if there was misrepresentation by the applicant leading to or likely to lead to the public believing the services offered by the applicant are the services of JW. The website extracts referred to above go beyond merely illustrating the existence of a joint goodwill. It is common ground between the parties that in October 2006, the applicant ceased to use JW to provide power boat tuition. Yet nine months after this, and three to four weeks after the filing of the contested application, the applicant was still advertising on its website that it was a family run business where JW headed up the power boat tuition side. This is clear evidence that there is misrepresentation likely to lead the public to believe that the powerboat services offered by the applicant are those provided by JW. JW has suffered damage as a result of the erroneous belief engendered by the applicant’s misrepresentation and has lost all the business that is attributed as being provided by him.

44) In conclusion, I am unable to find that the residual goodwill that existed in JW and BW's earlier businesses has been misrepresented by the applicant but I do find that since at least October 2006, the opponent has successfully demonstrated that JW owned a share in the goodwill of the Club Sail business and the application to register and use the trade mark on behalf of the applicant company alone was a misrepresentation contrary to the law of passing off. The opposition under Section 5(4) (a) is therefore successful with respect to all the services claimed in the application.

### **Section 5(4) (b)**

45) The ground of opposition under Section 5(4) (b) of the Act is based upon JW's alleged copyright in both the original logo (without the propeller device) and the later logo (incorporating the propeller device). He has been put to proof on this point by AW, but no evidence has been forthcoming to substantiate this claim. In light of this, I am unable to conclude that the copyright of either logo resides with JW and accordingly the opposition is not successful on this ground.

### **Section 3(6) – Bad Faith**

46) Section 3(6) of the Act reads as follows:

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

47) The meaning of “bad faith” in Section 3(6) has been considered by the courts and I refer to the recent decision of the Appointed Person in *Fianna Fail and Fine Gael* O-043-08 which provides a useful summary of the state of the law in relation to the consideration of bad faith claims as follows (with footnotes removed):

“52. In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* Lindsay J. said:

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.

This statement of approach has been regarded as a touchstone for the determination of bad faith objections in the United Kingdom. It has been assimilated into the approach of the Boards of Appeal at the Community Trade Marks Office. It does not allow applications for registration to be made *'for abusive or fraudulent ends'*.

53. The mental element required for a finding of bad faith has been much discussed. The discussion has centred on the test for determining dishonesty in English law, that is to say the 'combined test' as explained by the House of Lords in *Twinsectra Ltd v. Yardley* and clarified by the Privy Council in *Barlow Clowes International Ltd v. Eurotrust International Ltd*. In her decision in *AJIT WEEKLY Trade Mark* Professor Annand considered whether the 'combined test' makes it necessary to give effect to the applicant's belief in the propriety of his own behaviour when deciding whether he applied for registration in bad faith. She said not, on the basis that his own perception of propriety could not provide a conclusive answer to the question whether he actually had applied for registration in bad faith. I agree with her analysis. It supports the view that the relevant determination must ultimately be made *'on the basis of objective evidence'* rather than upon the basis of evidence as to the beliefs and opinions of the applicant with regard to the propriety of his disputed application for registration. I note in this connection that in the *CHINA WHITE Trade Mark* case the Court of Appeal upheld the hearing officer's finding of bad faith: (1) notwithstanding that the applicant for registration had deposed to the fact that he *'recognised no bad faith in my decision to develop and market the drink CHINA WHITE'* and was not cross-examined on the evidence he had given; and (2) notwithstanding that the Registrar's hearing officer had accepted the applicant's evidence and concluded that at the date of the disputed application for registration the applicant *'saw nothing wrong in his own behaviour'*."

48) 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 the applicant's state of mind regarding the transaction if I am satisfied that their 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.

49) Thus, in considering the actions of the applicant company, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

50) The application to register the trade mark at issue was made without the knowledge or consent of JW and his wife. According to JW's version of events, as part of a verbal franchise agreement, he and his wife specifically agreed to allow their son to use the Club Sail logo whilst operating only as a sole trader but that it would remain the property of his parents. Whilst AW's version of events differs from his father's, it falls short of claiming that there was any acquiescence to register the logo. He claims only that his parents said nothing about the ownership of the logo when discussing the setting up of his business.

51) Does the act of applying to register the sign, to the exclusion of AW's parents, amount to an action that is outside the normally accepted standard of honest conduct? In the circumstances, I find it difficult to understand how "saying nothing" would lead AW to believe he could take the sign from his parents and monopolise the ownership of it to the exclusion of his parents even if, as he contends, he was free to build up the business. In the absence of specific instructions from his parents, such an action clearly amounts to an act of bad faith in that it represented an action contrary to normally accepted standards of honest conduct. AW's was fully aware of the history of the logo and its longstanding association with his parents businesses. I therefore find that the action of filing the application amounted to an act of bad faith by the applicant and that the ground under Section 3(6) of the Act succeeds.

### **Costs**

52) The opposition having been successful, the opponent is entitled to a contribution towards its costs. I order Canaries Seaschool SLU to pay Barbara Williams the sum of £733. I take account of the fact that the decision has been reached without a hearing taking place and with neither party filing written submissions. I award costs on the following basis:

Opposition fee	£200
Considering the counterstatement	£200
Preparation and filing of evidence	£400
Considering evidence in reply	£200
<b>TOTAL</b>	<b>£1000</b>

53) 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.

54) It should be noted that in the above breakdown of costs, the sums awarded represent no more than two thirds of what I may otherwise have awarded. This reflects the fact that the opponent has not had legal representation in these proceedings. The Civil Procedure Rules state at Part 48.66:

“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.”

55) The applicant must pay the opponent the above sum 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 13<sup>th</sup> day of January 2009**

**Mark Bryant  
For the Registrar,  
the Comptroller-General**