

O-032-13

**IN THE MATTER OF 15 TRADE MARK REGISTRATIONS
STANDING IN THE NAME OF GORDONS IMPORT EXPORT**

AND

**APPLICATIONS FOR RECTIFICATION THERETO UNDER NOS 84463 TO 84477
BY SHAKESPEARES LEGAL LLP**

BACKGROUND

1. The 15 trade marks shown in the Annex to this decision stand registered in the name of Gordons Import Export, Lawrence House, Derby Street, Manchester, M8 8AT (“GIE”).

2. On 15 June 2012, 15 applications seeking to rectify the register were filed by Shakespeares Legal LLP (“SL”). In its applications SL said:

“We act for the administrators of M. Gordon & Sons Limited (in administration) (the “Company”).

It has come to our attention that in April 2011 the majority of the trade marks registered to the proprietorship of the Company were recorded as having been assigned to [GIE] by a form TM16 dated 5 April 2011 and signed by Suhail Sarwar, a director of the Company. However, for none of the trade marks was there an assignment in writing as required by section 24(3) Trade Marks Act 1994. We believe that the purported assignments were an attempt to improperly remove assets from the Company ahead of its insolvency.

We consider that the purported changes of proprietorship are invalid as a result of the lack of formal assignments and we request that the register be rectified to reflect the fact that the Company remains the proprietor of each of the marks listed.”

3. A copy of the applications were sent by the Trade Marks Registry (“TMR”) to GIE on 18 July, and, under the provisions of rule 44(2)(b) of the Trade Marks Rules 2008, GIE were allowed a period of 2 months to file whatever evidence or submissions it considered appropriate. On 23 July 2012, the applications were returned to the TMR by the Royal Mail with an indication reading “addressee gone away”. In a letter dated 30 July, the TMR wrote to SL advising them that the applications had been returned to the TMR. In that letter the TMR said:

“Section 72 of the Act states that registration of an assignment is prima facie evidence of its validity. This means that [the TMR] now has to assess whether your applications present a sufficient case to disturb this prima facie presumption. The statement you have filed asserts that there was no assignment in writing of the trade marks from M. Gordon & Sons Limited to the current recorded owner, and that the purported assignments were an attempt to improperly remove property from the original owner ahead of its insolvency.

Please provide a witness statement covering:

1. How you know that there were no assignments in writing.
2. If this is because you have access to records, please clarify which records.
3. Why you consider it improper for the property to have been removed from the company ahead of its insolvency.
4. Whether by “improper” you mean contrary to law or some legal duty and if so, contrary to which law or a legal duty to whom.

5. Anything else you consider to be pertinent to your applications.”

4. On 21 September, SL filed a witness statement and evidence. I shall return to this evidence below.

5. On 19 November, SL’s evidence was sent by the TMR to GIE by both recorded delivery and ordinary post, and GIE were allowed until 19 December to respond to SL’s evidence. Once again, both letters were returned to the TMR by the Royal Mail marked “addressee gone away”.

Evidence

6. SL’s evidence consists of a witness statement and exhibit (ASS1), dated 20 September 2012, from Arvindar Singh-Sall. Mr Singh-Sall is an associate at Moore Stephens LLP (“MS”) He explains that he has conducted this matter on behalf of the joint liquidators of M. Gordon & Sons Ltd in liquidation (“MGS”) i.e. Jeremy Wilmont and Philip Sykes (also of MS). Mr Singh-Sall states:

“2. The matters to which I refer are true and to the best of my knowledge and belief arising from my involvement in the matter...”

7. Mr Singh-Sall states that on 17 June 2011, the liquidators (originally appointed as the administrators of MGS) were appointed by Habib Bank AG Zurich pursuant to their security held over MGS, being a debenture dated 23 February 2007 registered at Companies House on 28 February 2007, pursuant to paragraph 14 of Schedule B1 of the Insolvency Act 1986. He adds that the Notice of Appointment of Administrators was filed at the High Court, Chancery Division, in the Birmingham District Registry under case number 8290 of 11. Documents in support of the above are provided as pages 1 to 5 of exhibit ASS1. The Administration was, he adds, subsequently converted into a Creditors Voluntary Liquidation on 16 June 2012.

8. Following the appointment of the liquidators, a team from MS led by Mr Singh-Sall started to collate the books and records of MGS. He explains that this exercise is carried out to enable the administrators/liquidator of a company to investigate the company’s actions prior to its insolvency. He states that at the date of his statement, the hard copies of the books and records of MGS that have been collated are minimal, adding that they have been unable to locate electronic records. Page 6 of exhibit ASS1 consists of a copy of a report relating to a visit to MGS (at the address mentioned in paragraph 1 above) by Visual Security Services UK Limited on 30 November 2011. The purpose of the visit is described as “to complete imaging of servers” and the final paragraph of the report reads:

“...and no evidence to suggest that there was any PCs belonging to [MGS], I was unable to carry out any imaging of IT equipment.”

9. Mr Singh-Sall goes on to say that repeated requests have been made for further books and records from the director Suhail Sarwar and company secretary Tariq Sarwar, but these requests have been ignored. He adds:

“5...Despite the director and company secretary failing to respond, we have explored many avenues to obtain and build up a picture of [MGS] prior to it being placed into administration and subsequently, liquidation...”

10. He states that in view of, inter alia, the limited documentation available, one of his colleagues investigated a number of trade marks that appeared to have been previously owned by MGS (the Annex to this decision refers), adding that he understands that MGS used to operate under the trade marks “kOol duDe” and “Disco Diva”. Mr Singh-Sall explains that when a company is placed into administration, the directors are under a statutory duty to complete a Statement of Affairs, adding that the director did not disclose any trade marks being owned by [MGS]. He goes on to say that a review of the TMR’s database indicates that the trade marks had been purportedly assigned to GIE on 29 April 2011 with an effective date of assignment of 1 January 2011. Pages 49 to 53 of exhibit ASS1 consist of a copy of the form TM16 (Application to record a change of ownership) filed on 7 April 2011. It records that GIE took over ownership of the trade marks on the date indicated. The form is signed by Mr Suhail Sarwar (as director) on behalf of the (then) current proprietor (MGS) and by Mr Abdul Rab (as director) of the new proprietor (GIE). Mr Singh-Sall states that Mr Suhail Sarwar was also a director of GIE during the period 20 July 2009 to 3 February 2011. He goes on to say:

“8. As I have already stated above, the paperwork that has been available to the liquidators is minimal, with no further documentation being provided by the directors, despite their statutory obligations. As far as I am aware, the liquidators are in possession of all available records and books of [MGS] and neither I, nor any of my colleagues, have found any documents purporting to assign the trade marks, whether executed or in draft, assigning the trade marks to [GIE]. Furthermore, the [TMR] has informed [SL] that there are no written assignments relating to the trade marks on their files.”

And:

“19. In light of the above, and without evidence to the contrary from the director, the company secretary or [GIE], I have not seen/discovered a written assignment (either in an executed or draft form) in [MGS’s] books and records indicating that a valid assignment of the trade marks has taken place. Furthermore, there is no record of a licence permitting [MGS] to use the trade marks despite the purported assignment.”

11. That concludes my summary of the evidence filed to the extent I consider it necessary. I now give this decision from the papers before me.

Decision

12. Rectification of the register is provided for under section 64 of the Act. This states:

“64.-(1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:

Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.

(2) An application for rectification may be made either to the registrar or to the court, except that-

(a) If proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) If in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.

(4) The registrar may, on request made in the prescribed manner by the proprietor of a registered trade mark, or a licensee, enter any change in his name or address as recorded in the register.

(5) The registrar may remove from the register matter appearing to him to have ceased to have effect.”

Sufficient interest

13. The applicant, SL, must have a sufficient interest to apply for rectification. As a firm representing the administrators/liquidators of MGS (i.e. MS) whose responsibility it was (whilst MGS was in administration) to operate it as a going-concern and (following the creditors voluntary liquidation) to realise the assets of MGS, I am prepared to accept that SL has sufficient interest to bring these proceedings.

Is the claimed error capable of correction?

14. Section 64(1) relates to errors or omissions in the register. No omission is claimed, the claim being that the name of the current registered proprietor (GIE) is erroneous. I have no doubt that the provisions of section 64(1) cover more than the correction of simple clerical errors and can cover, for example, issues of disputed ownership including rescinding erroneous assignments. The registrar has issued a number of decisions to this effect (see, for example, BL O/408/11, BL O/283/02, BL O/284/02, BL O/040/05 and BL O/336/01).

15. Section 72 of the Act reads:

“72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

16. Section 24 of the Act deals with assignments. It reads:

“24. - (1) A registered trade mark is transmissible by assignment, testamentary disposition or operation of law in the same way as other personal or moveable property.

It is so transmissible either in connection with the goodwill of a business or independently.

(2) An assignment or other transmission of a registered trade mark may be partial, that is, limited so as to apply-

(a) in relation to some but not all of the goods or services for which the trade mark is registered, or

(b) in relation to use of the trade mark in a particular manner or a particular locality.

(3) An assignment of a registered trade mark, or an assent relating to a registered trade mark, is not effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative. Except in Scotland, this requirement may be satisfied in a case where the assignor or personal representative is a body corporate by the affixing of its seal.

(4) The above provisions apply to assignment by way of security as in relation to any other assignment.

(5) A registered trade mark may be the subject of a charge (in Scotland, security) in the same way as other personal or moveable property.

(6) Nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered trade mark as part of the goodwill of a business.

17. In his statement Mr Singh-Sall says:

“10. The purported disposal of the trade marks would have amounted to the disposal of assets belonging to [MGS]. Any disposal of assets for value should have been recorded in [MGS’s] books, however no such record has been found.

11. Insofar as purported assignment had been executed, with an effective date of 1 April 2011, [MGS] would have been prevented from trading under or by reference to the trade marks thereafter, in the absence of a licence. Despite this, [MGS] traded continuously using the trade marks up to the point at which it became insolvent.

12. There are no records held at the UKIPO of any licences having been granted by [GIE] in favour of [MGS], nor have any records of such a licence been found in [MGS's] books.

13. Since there is no record:

- (i) of any written assignment of the trade marks in favour of [GIE] having been prepared, discussed or executed;
- (ii) of any licence permitting [MGS] to continue to use the trade marks despite the purported assignment; and
- (iii) of [MGS] having ever received any payment in consideration of the purported assignment.

I have concluded that there has been no written assignment of the trade marks by [MGS] nor payment received by [MGS] for the said trade marks.”

18. I note that the TMR sent both the applications to rectify and SL's evidence to the address recorded on its database, which is the same address identified by GIE in the form TM16 filed on 7 April 2011 i.e. Lawrence House, Derby Street, Manchester, M8 8AT. All of this correspondence was returned to the TMR marked “addressee gone away”. As far as I am aware, there has been no request made by or on behalf of GIE to amend its address. In all the circumstances, there is, in my view, no more the TMR could or should have done to make GIE aware of these proceedings, the consequence of which, is that SL's evidence stands unchallenged.

19. As SL point out, section 24(3) of the Act indicates that an assignment will not be “effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative.” Although a form TM16 was filed at the TMR on 7 April 2011 to assign the various trade marks from MGS to GIE the notes attached to the form TM16 state:

“Use this form to ask us to record changes in the ownership of marks, including company mergers. It is not a substitute for the assignment document or other proof of the transaction.”

20. I am satisfied that as no written proof of the assignment was provided to the TMR, and on the basis of what I consider to be the reasonable enquiries conducted by the administrators/liquidators which have not revealed any record of, inter alia, any assignment, the requirements of section 24(3) of the Act have not been met, and as a result, the purported assignments from MGS to GIE are not effective. While I also note that the director did not disclose the existence of the trade marks in the Statement of Affairs, the fact that the assignment was not in writing is, in itself, sufficient, in my view, to disturb the prima facie presumption in favour of the validity of the assignment mentioned in section 72 of the Act. The consequence of that conclusion is that the trade marks register should be rectified and the registrations returned to the name M. Gordon & Sons Limited. In reaching that conclusion, it has not been necessary for me to comment on SL's alternative argument to the effect that even if there had been a written assignment in favour of GIE, as it is unlikely that

any consideration had been paid for the trade marks to MGS (page 54 of exhibit ASS1 refers), a transaction at undervalue had taken place.

Conclusion

21. In view of my conclusions above, the applications for rectification succeed. I therefore direct that the register be rectified so that the proprietorship of the registrations identified in the Annex to this decision read M. Gordon & Sons Limited.

Costs

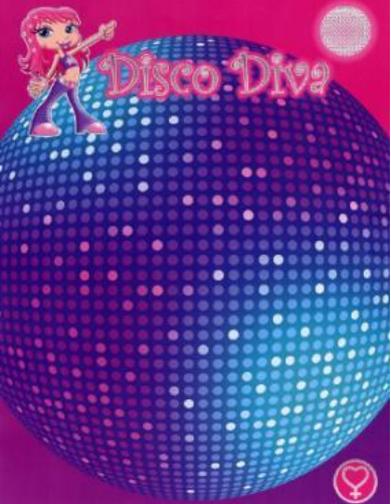
22. No request for costs has been made and I make no order in this respect.

Dated this 22nd day of January 2013

**C J BOWEN
For the Registrar
The Comptroller-General**

Annex

Trade mark	No.	Application date	Registration date	Registered in Class(es)
TWO TICKS	1311378	28.05.1987	1.9.1989	16
POWERZONE	2315290	8.11.2002	25.4.2003	9
RAINY DAYS	2315291	8.11.2002	5.12.2003	18
	2328001	29.03.2003	5.9.2003	3 & 26
	2339767	4.8.2003	17.9.2004	28
	2356319	19.2.2004	6.8.2004	16 28
	2385919	2.3.2005	2.9.2005	9 & 18
	2385920	2.3.2005	2.9.2005	9, 18 & 25
TWO TICKS	2410432	5.1.2006	30.6.2006	6, 7, 8, 9, 11 & 16
MASTER BLASTER	2410436	5.1.2006	30.6.2006	28
	2425007	21.6.2006	20.4.2007	28
Alien Attack	2432859	19.6.2006	6.4.2007	28

	2439202	22.11.2006	8.6.2007	9
Secret Mission	2444047	17.1.2007	27.7.2007	28
	2476152	21.12.2007	23.5.2008	3, 9, 16, 18, 25, 26 & 28