

O-086-09

TRADE MARK ACT 1994

**IN THE MATTER OF REGISTRATION No. 2438070
IN THE NAME OF FIONA WENDY BROWN**

AND

**AN APPLICATION FOR A DECLARATION OF INVALIDITY
UNDER No. 83047 BY PATRICIA ADAMSON, CLUB CAPTAIN
AND DONALD IAN TURNER, CLUB VICE CAPTAIN
AS OFFICE BEARERS OF SHISKINE GOLF & TENNIS CLUB**

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Background

1. Trade mark registration no. 2438070 has a filing date of 9 November 2006 and stands in the name of Fiona Wendy Brown. The mark itself is as follows:



and it has a specification of goods and services that reads:

Cap peaks, caps (headwear), clothing, hats, jackets, jerseys, jumpers, knitwear, pullovers, shirt fronts, shirt yokes and sweaters. (Class 25)

Golf clubs, divot repair tools, golf gloves, golf bags, games balls for golf, pitch mark repair tools. (Class 28)

Advertising, advertising by mail order, provision of advertising space, direct mail advertising, on line advertising on computer networks, photocopying, processing (Word), publicity, publicity texts, shop window dressing and television advertising. (Class 35)

The mark was registered on 8 June 2007.

2. On 23 September 2007 Patricia Adamson, Club Captain and Donald Ian Turner, Club Vice Captain as Office Bearers of Shiskine Golf & Tennis Club filed an application seeking to invalidate the above registration. The background to their claim is explained in the following terms:

“The Applicants are the Captain and Vice Captain of Shiskine Golf and Tennis Club at Blackwaterfoot, Isle of Arran, KA27 8HA (“the Club”). The Club has been in existence since 1896. The Club use the designation at Appendix 1 and have done continuously since 1977. The designation is used by the Club on all Club merchandise including but not limited to caps, clothing, hats, jackets, jerseys, jumpers, knitwear, pullovers, shirt fronts, sweaters, ties, golf clubs, golf gloves, golf bags and golf balls. The designation is also used by the Club on the Club letterhead, scorecards, fixture lists and promotional material. Same has been used by the Club since 1977. The Club merchandise bearing the designation at Appendix 1 was sold from the Club shop and from the local stationary [sic] shop in Blackwaterfoot. The designation at Appendix 1 is well known locally, nationally and internationally as being the designation of the Club and not the Registered Proprietor. The designation is unique to the Club. The Registered Proprietor formerly leased premises from the Club from which merchandise bearing the designation were sold. The Registered Proprietor’s lease from the Club was terminated with effect from 1 November 2006. The Registered Proprietor no longer has any association with the Club. Use of the UK trade mark number 2438070 by the Registered Proprietor is likely to lead the public and members of the Club to believe that the goods offered by the Registered Proprietor are goods of the Club. The Applicants and Club are likely to suffer damage as a result of the erroneous belief engendered by the Registered Proprietor’s misrepresentation. In 1977 there had been a “summer holiday competition” to design a “badge” for the Club and a member of the Club presented a pencil drawing. His design succeeded in the competition and it was agreed that it would be put on to sweaters to be sold for and on behalf of the Club and on ancillary material. It was also to be used on letterheads, scorecards and all materials used by the Club and to be sold by the Club as part of its merchandise. The member of the Club by implication assigned his right to copyright/trademark to the Club. The member took no action to prevent the Club using the design on all material nor was any fee sought by the member of the Club. There was an implied assignation by the member to the Club to the right of use in relation to various goods used and then sold by the Club. The Registered Proprietor claims that “the badge” was not in use by the golf club and that she altered the drawing. She claims that she alone traded with the logo. She also claimed she designed two others, one for the centenary of the Club, the other for the millennium, neither of which logos have subsequently been used. The Registered Proprietor accepts that she has no

objection to the Golf Club using the logo on its scorecards, letterheads, notices of and on flags [sic]. The applicant in Club [sic] will suffer damage as a result of this erroneous belief as a result of the Registered Proprietor's misrepresentation.

3. Arising from this, objection is raised under three heads:

- (i) under Section 47(2)(b)/5(4)(a) in that use of the mark is liable to be prevented by the law of passing off.
- (ii) under Section 47(2)(b)/5(4)(b) in that use of the mark is liable to be prevented by virtue of the law of copyright.
- (iii) under Section 47(1)/3(6) in that the registered proprietor must have known of the applicants' trade mark and applied for the mark in bad faith.

4. The registered proprietor filed a counterstatement denying each of the above claims. She challenges a number of the statements made in the applicants' statement of grounds. The main points are that:

- the logo mark that is attached to the applicants' statement of grounds is her adaptation.
- the Club has not used the logo continuously since 1977 as claimed. It was used by the Club on one occasion in 1982 and more widely since 1996.
- she leased premises from the Club and traded using the logo for 27 years. It was her business and not the Club's.
- all merchandise sales were from her shop, Shiskine Sports, apart from the Club History and the Centenary Calendars produced in 1996 which were sold from the Starter's Office.
- the member who created the logo did not register it nor did the Club.
- she notes the applicants' statement "the registered proprietor accepts that she has no objection to the Golf Club using the logo on its scorecards, letterheads, notices of and on flags" and asks why they make this statement if they do not think the logo is hers.

5. The following evidence and submissions have been filed:

Applicants' evidence and submissions:

Responses to the Registered Proprietor's counterstatement (submissions)

Witness statement by Donald Turner with exhibits 2-5

Witness statement by Colin Bannatyne with exhibit 1

Witness statement by Andrew Howie (no exhibits)

Witness statement by Fiona Crawford (no exhibits)

Witness statement by Pat Adamson (no exhibits)
Witness Statement by Professor Robert Jack (no exhibits)

Registered proprietor's evidence and submissions:

Responses to the applicants witness statements of:
Professor Robert Jack
Pat Adamson
Fiona Crawford
Andrew Howie
Colin Bannatyne
Donald Turner

Responses to the applicants' 'Statement of Reasons'

Responses to the applicants' "Evidence in Support"

Notice of Defence by Fiona W Brown with Exhibits 1-13

Applicants' evidence in reply:

None filed

6. It appears from the case file that at one point the applicants wished to be heard in the matter (Levy & McRae's letter of 21 October 2008). That request was later withdrawn and the parties were given until 19 February 2009 to submit written submissions. Neither side has done so. I, therefore, take this decision on the basis of the above-mentioned material along with the further piece of evidence described below.

History of the parties

7. The applicants' evidence comes from individuals who are, or were, members of the Shiskine Golf and Tennis Club. Ms Adamson and Mr Turner are the current Captain and Vice Captain. Professor Jack and Messrs Howie and Bannatyne are past Captains. Ms Crawford served as Club Secretary for 25 years until retiring from that position in 2006. Mr Bannatyne is also the author and compiler of the Club History and has exhibited a copy of the booklet that was published to commemorate the Club's centenary (1896 to 1996).

8. The Shiskine golf course has twelve holes. The logo that is the subject of this action reflects that fact by means of intertwined numerals and an arrangement of the initial letters of the Club's name. The applicants' witnesses confirm their understanding of the means by which the original logo came into existence. Professor Jack, who was the Captain at the time, recalls that the decision was taken to give the Club and its members a greater sense of corporate identity in the interests of expanding membership and facilitating improvements. The then Committee organised a competition to see who could come up with a suitable design. He adds that:

“The competition was a fairly informal affair with, as I recollect it, little or any rules, a modest prize to the winner and the clear understanding that the decision of the committee would be final. The objective was clear: it was to establish a generally acceptable logo for the Club. The result was the logo of the number “12” with the letters “SGTC” thereon. I have been shown appendix 1 which shows the logo and the idea was that the number 12 signified a 12-hole course and the letters of course for the Shiskine Golf & Tennis Club”.

9. Professor Jack was Captain between 1973 and 1975. The logo can, therefore, be dated to this period. Mr Bannatyne, who has given evidence, accepts that the reference in the Centenary booklet is incorrect in attributing the logo to a slightly later date (page 38 of the booklet).

10. The winner of the competition was a Mr Bobby Jack (no relation to the Professor), a teacher from East Kilbride. Whilst the registered proprietor disputes certain of the claims made by the applicants’ witnesses, I do not understand her to challenge in any way the circumstances that led to the original choice of logo.

11. At this point it will be convenient to say something about Mrs Brown’s business and association with the Club. Her husband worked as a green keeper at Shiskine Golf Club from 1979 to 1982. During this time he asked the Club if he could convert the old ladies’ locker room into a shop. The Club agreed. This was to be the site of Mrs Brown’s business called Shiskine Sports. The shop opened for business on 31 March 1980. The business was entirely separate from the Club. Mrs Brown leased the premises from the Club, ordered and paid for the stock and was entitled to the profits. The products on offer appear to have been mainly clothing and included items bearing the Club logo (I will return to the question of the logo below).

12. There are some differences between Mrs Brown’s account of her trade and that of the applicants’ witnesses. I have generally preferred Mrs Brown’s version of events. It was her business. She kept records and is generally more precise about the detail. Where there are differences, for instance in relation to Mr Turner’s recollection of Mrs Brown having shop premises in Blackwaterfoot, they are not generally germane to the issues before me. Mrs Brown says that each winter from 1983 to 1988 she moved her stock from the Golf Club to premises in Blackwaterfoot owned by the Kinloch Hotel before moving back to the clubhouse at Easter.

13. In 1993 Mrs Brown’s business moved from the clubhouse “which was up the hill, to new premises, down the hill”. The reason for this was that the Club wanted the premises and also wanted Mrs Brown to become ‘head starter’. I infer that ‘down the hill’ was a reference to the starter’s premises.

14. Thereafter, Mrs Brown appears to have continued with both her independent business enterprise on Club premises and her Club employee role until 2006 when her lease was terminated along with her employment as starter. The evidence on both sides deals with a deterioration in the relationship between the Club (and past Captains) and Mrs Brown along with what Mr Turner claims was a loss of interest on her part in continuing to run the business. This debate does not seem to me to assist in resolving the underlying issues.

15. The above represents an overview of the factual circumstances that underpin this action. There are, however, key issues on which the parties disagree, notably the precise nature of the logo and/or its derivative forms; ownership of rights arising; and what approvals or permissions were sought or given for use of the logo(s). Before turning to these issues I will set out the relevant parts of the law.

The law

16. The relevant parts of the statute read as follows:

Section 47

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

Section 3(6)

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

Section 5(4)(a)

“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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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.”

17. For the benefit of the registered proprietor, who has not been professionally represented in these proceedings, I should point out that these grounds of objection operate independently. It is possible to succeed with a bad faith claim in circumstances where a passing off or copyright claim fails or vice versa. A recent example of the former circumstance can be found in *Fianna Fail’s and Fine Gael’s* oppositions to applications filed by Patrick Melly, case reference O-043-08. The reference is to the decision of the Appointed Person on appeal. I will refer to other provisions of law when dealing with the individual grounds of objection.

THE COPYRIGHT OBJECTION

18. Before considering the application of the law to the facts of this case it is necessary to set out certain preliminary points relating to the law and guiding principles as I understand them to exist. The reference points for this purpose are the Copyright Act 1956 and the Copyright Designs and Patents (CDP) Act 1988 which repealed the earlier Act. Territorially both Acts extend to Scotland. I will also refer where necessary below to passages from Copinger and Skone James on Copyright, Fifteenth Edition 2005 which provides a comprehensive commentary on the law and jurisprudence.

19. The work that is the subject of the protection claimed for the purpose of the action was created at a time when the 1956 Act was in force. When that Act was repealed the Transitional Provisions of the CDP Act 1988 contained the following provisions (Schedule 1 thereof) in relation to ‘General principles: continuity of law’.

“3. The new copyright provisions apply in relation to things existing at commencement as they apply in relation to things coming into existence after commencement, subject to any express provision to the contrary.

4.-(1) The provisions of this paragraph have effect for securing the continuity of the law so far as the new copyright provision re-enact (with or without modification) earlier provisions.

(2) A reference in an enactment, instrument or other document to copyright, or to a work or other subject-matter in which copyright subsists, which apart from this Act would be construed as referring to copyright under the 1956 Act shall be construed, so far as may be required for continuing its effect, as being, or as the case may require, including, a reference to copyright under this Act or to works in which copyright subsists under this Act.

(3) Anything done (including subordinate legislation made), or having effect as done, under or for the purposes of a provision repealed by this Act has effect as if done under or for the purposes of the corresponding provision of the new copyright provisions.

(4) References (expressed or implied) in this Act or any other enactment, instrument or document to any of the new copyright provisions shall, so far as

the context permits, be construed as including, in relation to times, circumstances and purposes before commencement, a reference to corresponding earlier provisions.

(5) A reference (express or implied) in an enactment, instrument or other document to a provision repealed by this Act shall be construed, so far as may be required for continuing its effect, as a reference to the corresponding provision of this Act.

(6) The provisions of this paragraph have effect subject to any specific transitional provision or saving and to any express amendment made by this Act.”

What is the logo in which protection is claimed?

20. Each of the applicants’ witnesses confirm that Bobby Jack devised the logo in question. In each case the logo is said to be shown in appendix 1 but none of the witness statements initially placed before me actually exhibited the logo that is being referred to. As a result, clarification was sought at a late stage as to whether the witnesses were referring to the logo attached as appendix 1 to the statement of grounds where it is said to have been in continuous use since 1977 i.e. the original logo (this is also the logo as registered). A witness statement from Laura Salmond, the solicitor in Levy & Mc Rae, who represents the applicants in this case, subsequently confirmed this to be the case.

21. On that basis there is a conflict of evidence with Mrs Brown’s claim that she was given the winning drawing from the competition by Mr Bannatyne and made a few amendments to it to produce the version that she subsequently registered. She says:

“6. I did not like the format of the drawing, which consisted of 6 facets. I changed a very plain, straightforward figure 1 into a 1, come flagstick. The figure 2 was very plain and uninteresting. I changed this into a much more squat and attractive 2 with much more character. The lettering was decidedly nondescript too so I also changed that. The logo had now come alive and looked decidedly more attractive.”

22. Interestingly, two of the applicants’ witnesses who ‘describe’ the logo do so in the following terms:

“6. The logo itself was very straightforward pertaining to the club and it was the numbers 1 and 2 which relate to the number of holes on the golf club, intertwined with the initials SGTC.” (Pat Adamson)

“I have been shown appendix 1 which shows the logo and the idea was that the number 12 signified a 12-hole course and the letters stood of course for the Shiskine Golf & Tennis Club.” (Professor Jack)

Neither, therefore, refers to the ‘conversion’ of the numeral 1 into a flagstick device despite the fact that this is supposedly the logo they had been shown.

23. The logo was, of course, created well over 30 years ago and it would not be entirely surprising if the witnesses could not recollect the original logo with complete

precision. Having said that, I prefer Mrs Brown's explanation. I think she has been honest in her admission that she took the basic format of the original logo and made certain presentational amendments. I believe that what the applicants' witnesses have seen in the logo shown to them are the essential and key components of the original logo (that is to say the intertwined numerals and the letters standing for Shiskine Golf & Tennis Club in the four segments of the numeral 2) but not necessarily the precise form of the original. Certainly, the evidence suggests that the mark most frequently used in more recent times is Mrs Brown's centenary adaptation featuring the logo in the form registered with a banner underneath and the years 1896-1996 (Exhibits 3 and 4 of Mr Turner, Exhibit 1 of Mr Bannatyne and Exhibits 8, 9, 10, 11 and 12 of Mrs Brown's evidence).

24. This uncertainty and imprecision in the identification of the original logo has not been easy to resolve but, on the basis of the position described by Mrs Brown, I consider that it consisted of the intertwined numerals and the Club letters appearing in the segments of the 2 but without the flagstick device.

Is the logo a work within the meaning of the Act?

25. The next issue that arises is the question of whether the logo is a work. The 1956 Act deals with copyright in 'artistic work' in Section 3(1) and includes "the following, irrespective of quality, namely drawings ...". The Transitional Provisions in Schedule 1 to the 1988 Act provides at 1(3) that "References in this Schedule to 'existing works' are to works made before commencement ..." and at 2(1) that "In relation to the 1956 Act, reference in this Schedule to a work include any work or other subject matter within the meaning of that Act."

26. In terms of the test for what may be held to constitute an artistic work, Copinger and Skone James indicates as follows (in relevant part but with footnotes omitted):

"3-53 Nature of copyright in artistic works. The essential nature of an artistic work is that it is a thing to be *looked* at in some manner or other. What matters is that which is *visually* significant."

"3-54 Simple artistic works. Provided that the subject matter can be fairly said to fall within one of [the] categories of protected subject matter (drawing, diagram, etc.), it will in principle be protectable, even though it is elementary or commonplace, the issue in the case of simple works being one rather of originality. All that it is necessary is that there be some visual significance in the product of the artist's work."

27. I have no hesitation in concluding that the logo that was designed by Bobby Jack is protectable under copyright law.

Who is the owner of the copyright?

28. The Transitional Provisions contained in Schedule 1 to the 1988 Act state that:

“Authorship of work

10. The question who was the author of an existing work shall be determined in accordance with the new copyright provisions for the purposes of the rights conferred by Chapter IV of Part I (moral rights), and for all other purposes shall be determined in accordance with the law in force at the time the work was made.

First ownership of copyright

11.-(1) The question who was first owner of copyright in an existing work shall be determined in accordance with the law in force at the time the work was made.

(2) Where before commencement a person commissioned the making of a work in circumstances falling within –

(a) section 4(3) of the 1956 Act or paragraph (a) of the proviso to section 5(1) of the 1911 Act (photographs, portraits and engravings), or

(b) the proviso to section 12(4) of the 1956 Act (sound recordings), these provisions apply to determine first ownership of copyright in any work made in pursuance of the commission after commencement.”

29. The particular provisions of section 4(3) of the 1956 Act referred to in 11(2) above do not appear to be relevant in the circumstances of this case. Ownership of copyright, therefore, falls to be determined in accordance with the law in force at the time the work was made, that is to say the 1956 Act. The relevant provision in that Act is as follows:

“4.-(1) Subject to the provisions of this section, the author of a work shall be entitled to any copyright subsisting in the work by virtue of this Part of this Act.”

30. The other subsections of section 4 do not appear to be relevant to the circumstances of this case. The author of the work, Bobby Jack, is now deceased. It is the applicants’ claim that, because the logo was created for the benefit of the Club, “by implication the member assigned his right to the Club in and to the copyright of the logo”. It seems to be implicit in that claim that, but for the operation of an implied assignment, the copyright rested initially with Mr Jack and subsequently his estate. The problem with that is that both the 1956 Act and the 1988 Act provided that no assignment of copyright is effective unless it is in writing signed by or on behalf of the assignor (sections 36(3) and 90(3) respectively). No written assignment document has been produced. Furthermore, the relatively informal (and unusual) mechanism which produced the logo, namely a competition, did not operate on the basis of a contractual relationship or agreement between the Club and the author of the logo (see paragraph 3 of Professor Jack’s witness statement).

31. It is, nevertheless, well established that the legal and beneficial titles to a copyright work can become separated. The point is explained in Copinger and Skone James at 5-170 *et seq.* The following is taken from 5-172:

“The identity of the first legal owner of the copyright in a work is determined by the application of the relevant statutory provisions, which have already been considered. In many cases, however, the circumstances in which the work is made mean that the beneficial owner is in fact some person other than the legal owner, either because this is what the parties agreed or as a consequence of some fiduciary or trust relationship that exists between them.”

32. It is tolerably clear from the circumstances in which the logo was created that the Club was always intended to be the equitable owner, and the author of the work could have been under no misapprehension on the point. However, it does not matter whether legal and beneficial ownership of the original logo is split (as I take to be the case) or whether the Club is both legal and beneficial owner. In neither case can Mrs Brown have had a legitimate claim to title of the original work.

33. In reaching that view I have not lost sight of the following claim in Mrs Brown’s notice of defence:

“4. Early in 1980 Colin Bannatyne, Witness for the Applicants, came into the shop and presented David [Mrs Brown’s husband] with a pencil drawing. He explained that in 1977 (now known to be nearer 1975), there had been a summer holiday competition to design a badge for the Club. The drawing he presented us with was the winner.

5. Colin said that it had never been used by the Club and that it had been just sitting in his drawer at home, for years. He said that we might like to put it on sweaters, “or whatever you like”. One wonders why Colin had to give us a drawing if this logo was already to be seen on letterheads etc. etc...”

34. Colin Bannatyne, who is referred to in the above paragraphs, has given evidence in these proceedings in which he says “my understanding is that the sole rights of the logo lie with the Club and the committee members of the Club”. He has not commented or dealt with the events described above by Mrs Brown. It is not clear, therefore, how Mr Bannatyne was in a position to present the drawing of the logo to Mrs Brown and her husband. The event described by Mrs Brown is said to have taken place in early 1980. Mr Bannatyne’s evidence is that he was a member of the Club at that time but was not elected to the committee until some time in or after 1982. He eventually served as Captain in 1989/90 (paragraph 3 of his witness statement). He does not appear to have been in a position of authority in the Club in 1980. Nor is there any suggestion that he considered intellectual property right matters if he did indeed suggest that the Browns might want to use the logo. I do not consider that this episode changes matters in Mrs Brown’s favour.

Was it contrary to copyright law to register the logo that is the subject of No. 2438070?

35. For the reasons given above, the logo that Mrs Brown registered in November 2006 was not, in my view, the exact version that was designed by Mr Jack in the Club competition. Nevertheless, it owed an overwhelming debt to the original design. In Mrs Brown’s view her first amended version sought to improve on the

original whilst retaining the latter's essential features. The question that this gives rise to is whether the logo as registered has taken a substantial part of the original work.

36. The following passages from Copinger & Skone James set out the rationale for the concept of 'substantial part' and the test to be applied:

“Introduction. The law has never allowed a defendant to escape liability on the grounds that he has not copied the claimant's work exactly; less than complete copying has always been an infringement. In this, the underlying rationale of the law of copyright is to protect and adequately reward the interests of authors and copyright owners and to prevent others from unfairly appropriating the benefit of the effort, skill and labour which went into a work's creation. On the other hand, it has never been the law that copying of any part of a work, no matter how small, is unlawful; copyright should not be allowed to become an instrument of oppression and extortion. Some use of a copyright work is clearly permissible, for the Act does not prohibit use of “any” part, even if that part was the product of skill and labour, only a “substantial part”. It is in arriving at the dividing line that the difficulty arises.” (7-23)

and

“Substantial part: the test. The essential test is whether the defendant's work has been produced by the substantial use of those features of the claimant's work which, by reason of the knowledge, skill and labour employed in their production, constitute it an original copyright work. The test has been put in a number of similar ways. Has the infringer incorporated a substantial part of the independent skill, labour, etc? contributed by the original author in creating the copyright work? Has the defendant made a substantial use of those features of the claimant's work in which copyright subsists? Has there been a substantial appropriation of the independent labours of the author? Has there been an appropriation of a part of the work on which a substantial part of the author's skill and labour was expended? Has there been an over-borrowing of the skill, labour and judgement which went into the making of the claimant's work? It is therefore often important to ask what are the features of the claimant's work which made it an original work and thus which gave rise to its protection under the law of copyright. For example, with a literary work it may be the skill or effort in expressing thoughts or information in words, or the collecting together and presentation of other material; with a dramatic work, the working out of details of character and plot; with a musical work, the composition of a melody or its orchestration; with an artistic work, the arrangement and representation of subject matter; and so on. If substantial use has been made of these features, then infringement will have occurred.” (7-25)

37. The changes that Mrs Brown made left in place the essential elements of the original design of the logo. Within the terms of the test set out above the registered logo relies on the arrangement and representation of the original subject matter and must be considered to have taken a substantial part of the original.

38. I conclude that use of the logo was liable to be prevented by the law of copyright. The application for invalidity succeeds under section 47(2)(b)/5(4)(b) of the Act.

THE BAD FAITH OBJECTION

39. Although there is as yet no guidance from the European Court of Justice on the nature and scope of the provision¹, the UK Courts and the Appointed Persons have issued a number of judgments and decisions that provide a clear basis for decision making. The following summary of the position is taken from the decision of Geoffrey Hobbs QC, sitting as the Appointed Person in *Melly's Trade Mark Applications*, [2008] ETMR 41 (with footnotes omitted):

49. Section 3(6) of the 1994 Act implements the optional provisions of Article 3(2)(d) of the Trade Marks Directive. It enables applications for registration at the national level to be rejected (in the same way as Article 51(1)(b) of the Community Trade Mark Regulation enables applications for registration at the Community level to be invalidated) if and to the extent that they are found to have been made in bad faith. Bad faith is an absolute, hence free-standing, ground for refusal of registration. It can be raised in relation to matters arising between applicants and third parties as well as between applicants and the Registrar. Even after an application has proceeded to registration, it remains open to the Registrar to challenge the antecedent request for protection: Section 47(4) of the Act provides that 'In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration'.

50. The focus of attention is the propriety of the applicant's conduct. Not generally, but specifically in relation to his request for protection of the trade mark in question for the goods or services in question in the particular circumstances of the disputed application for registration. The relevant question is whether the applicant's conduct should be regarded as improper in that connection.

51. The expression 'bad faith' has moral overtones which appear to make it possible for an application to be rendered unacceptable by behaviour

¹ During the course of writing this decision the Advocate General's Opinion has been issued in Case C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*. She has said that:

"75. To sum up, the gist of my analysis is that there is no simple, decisive test for establishing whether a trade mark application was submitted in bad faith. The various sets of circumstances which have been advanced before the Court as exhaustively delimiting the notion of bad faith are in fact illustrative examples of that concept. Bad faith is a subjective state – an intention incompatible with accepted standards of honest or ethical conduct – which is ascertainable from objective evidence, and which must be assessed case by case. It requires, at least, knowledge of the circumstances from which incompatibility with accepted standards of honest or ethical conduct may be deduced."

There is nothing in the factual circumstances of the *Lindt* case which further assists my deliberations here. The ECJ's judgment in the case has not yet been issued.

otherwise involving no breach of any duty, obligation, prohibition or requirement that is legally binding on the applicant. The underlying concept is not amenable to exhaustive codification. However, I do not think it could be correct for courts and tribunals across the European Union to adopt divergent standards for the determination of 'bad faith' objections within the framework of the harmonised rules which now govern the protection of trade marks at the national and Community level. There is, as yet, no guidance from the supervising courts in Luxembourg as to the scope and application of such objections. In that state of affairs, I think it is necessary, in accordance with Section 3 of the European Communities Act 1972, to have regard to the well-established principle⁵¹ that Community law should be interpreted and applied so as to confer no legitimacy on improper behaviour. In its judgment delivered on 20 September 2007 in Case C-16/05 *The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department* the ECJ stated at paragraph 64: ... it must be borne in mind that, according to settled caselaw, Community law cannot be relied on for abusive or fraudulent ends (Case C-255/02 *Halifax and Others* [2006] ECR I-1609, paragraph 68) and that the national courts may, case by case, take account - on the basis of objective evidence - of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely (see inter alia Case C-212/97 *Centros* [1999] ECR I-1459, paragraph 25). I believe that to be an apposite statement of the basis on which bad faith invalidates applications for registration under the parallel provisions of Article 3(2)(d) of the Trade Marks Directive, Article 51(1)(b) of the Community Trade Mark Regulation and Section 3(6) of the 1994 Act. I also consider it to be consonant with the existing case law on bad faith in the United Kingdom and at the Community Trade Marks Office.

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*.⁵⁷ 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 *CHINAWHITE 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*'.

40. I have recorded above Mrs Brown's explanation of how the logo was presented to her, namely that Mr Bannatyne claimed that it had "been just sitting in his drawer at home, for years" and never been used by the Club. Neither Mrs Brown nor her husband appear to have undertaken any enquiries as to any intellectual property rights associated with the logo or the authority under which Mr Bannatyne considered himself able to offer the logo to the Browns or, for that matter, any third party.

41. In *Harrison v Teton Valley Trading Co Ltd (Chinawhite Trade Mark)*, [2005] F.S.R. 10 the applicant had applied to register the mark in circumstances where he saw nothing wrong in his own behaviour. The factual background can be gleaned from the following extract from the Headnotes to this case:

"H2 The applicant had applied to register the mark "CHINAWHITE" in Classes 32 and 33. The opponent was the owner of a nightclub called "Chinawhite". In August 1998, the opponent instructed its bar manager and assistant bar manager to develop a recipe for a cocktail to be called "Chinawhite"--it was to be white in colour and oriental in flavour. A number of the opponent's staff collaborated in the development and all signed confidentiality agreements relating to the development of the cocktail. In November 1998, the applicant was approached by the opponent's bar manager who said he had developed a premium cocktail called "China White", that a derivative of the new drink was to be served at a new venue

called "Chinawhite" to be opened in December 1998 and that he was not bound by the terms of any formal contract. He prepared the drink for the applicant to taste at the end of November 1998. The opponent opposed registration of the mark on the ground that it was applied for in bad faith contrary to [s.3\(6\) of the Trade marks Act 1994](#) and that its use was liable to be restrained by an action for passing off such that the mark offended against S5(4)(a) of the 1994 Act.

H3 In the Trade Marks Registry, the hearing officer found that the applicant believed that the drink was under the sole proprietorship of the bar manager, a working title of "China White" was chosen, trade mark and company searches were carried out and applications filed for China White Limited and the trade mark CHINA WHITE in Classes 32 and 33; that no application had been made in Class 42 because the applicant was aware of the opponent's club and that, at the date he made the application, the applicant saw nothing wrong in his behaviour. The hearing officer held that in filing the applications for CHINA WHITE in Classes 32 and 33, the applicant had fallen short of the standards of acceptable commercial behaviour observed by a reasonable and experienced man in the particular area being examined and that the application had been made in bad faith contrary to [s.3\(6\) of the Trade Marks Act 1994](#). He rejected the opposition based on [s.5\(4\)\(a\)](#) of the Act."

42. The bad faith objection was thus made out. The position was confirmed on appeal.

43. This case is somewhat unusual in that there has been a considerable gap between Mr and Mrs Brown being 'offered' the logo by Mr Bannatyne in 1980 and the application for trade mark protection on 9 November 2006. In the meantime, as the evidence shows, both Mrs Brown and the Club had used her centenary logo (essentially the registered mark with a banner incorporating '1896-1996') without either side apparently raising any objection to that use. Indeed, it may be said that the parties found it to be a mutually convenient arrangement. Mrs Brown had the benefit of using the logo in her business venture and the Club logo appeared on merchandise without the Club having to run the business itself and risk its own resources in a commercial venture. Moreover, the Club benefited from the rental income paid by Mrs Brown for the lease of the Club premises.

44. It was not until that business relationship came to an end (and at roughly the same time Mrs Brown ceased to be the Club starter) that the position deteriorated. The trade mark application was made after the termination of the lease in Autumn 2006. Mrs Brown says of her action:

"I applied to protect my future. I applied to give me the right to continue selling goods I alone had been associated with for 27 years, including several thousands of pounds worth of stock in hand."

45. I have no doubt that Mrs Brown saw nothing wrong in her own behaviour. However, the authorities referred to above make it clear that the concept of bad faith covers a spectrum of behaviour from outright dishonesty to that which 'falls short of

the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined'.

46. For my part, I accept that Mrs Brown was not acting out of dishonest intent. On the contrary, her avowed aim was to protect her own position. Nevertheless, her action had the effect of disturbing the equilibrium that appears to have existed between herself and the Club. More relevantly for the purpose of the bad faith claim, it put Mrs Brown in a position where she could exploit the value of the brand to the exclusion of the Club and cast doubt on the ability of the Club to use its logo for its own legitimate purposes and thus, at the very least, frustrate the Club in its activities. In short, the registration has the potential to call into serious question the continued right of the Club to use and benefit from the logo.

47. I found in relation to the copyright claim that precise identification of the original logo devised by Mr Jack presented certain difficulties that relied in part on Mrs Brown's own statement as to her adaptations to establish the nature of the original. Even if that lack of precision was held on appeal to count against the applicants in relation to the copyright claim, I consider that there is sufficient common ground between the parties' positions on the essential elements of the logo for the bad faith objection to be sustained.

48. There has also been a certain amount of debate in the evidence as to what permissions were sought or not sought on each side in relation to the various versions of the logo. The issues are not well documented and demonstrate a certain amount of retrospective re-interpretation of actions (or inactions), the consequences of which were simply not thought through at the time. In summary, despite Mrs Brown's own views and motivations, I find that her application for what is now registration no. 2438070 was an act of bad faith within the meaning ascribed to that term in the authorities referred to above.

THE PASSING OFF CLAIM

49. In *Reef Trade Mark*, [2002] R.P.C. 19, it was held that:

"27 There is one major problem in assessing a passing of 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 [s.11 of the 1938 Act](#) (see *Smith Hayden & Co. Ltd's Application (OVAX) (1946) 63 R.P.C. 97* as qualified by [BALI Trade Mark \[1969\] R.P.C. 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 to 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 probabilities that passing off will occur.”

50. The evidence in this case focuses on the relationship between the parties and their respective claims arising out of the lengthy history of their respective activities. The evidence signally fails to address in anything other than the sketchiest form the nature and extent of trade such as would be required within the *Reef* test to establish a claim in passing off. In the circumstances, and given the conclusions I have been able to reach in relation to the copyright and bad faith claims, I do not propose to comment further on this ground.

Conclusion

51. The application for a declaration of invalidity has been successful. In accordance with section 47(6) the registration is declared invalid and deemed never to have been made.

Costs

52. The applicants are entitled to a contribution towards their costs. Basing my award on the published scale of costs in proceedings before the Comptroller in force at the time the action was launched, I order the registered proprietor to pay the applicants the sum of £1500. 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 27th day of March 2009

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