

TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE
MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION m 1582835
BY ERNEST PRODUCTIONS LIMITED
TO REGISTER THE MARK



AND

IN THE MATTER OF OPPOSITION
THERE TO UNDER OPPOSITION m 45363
BY JOSEPH HEPWORTH

TRADE MARKS ACT 1938 (AS AMENDED) AND THE TRADE MARKS ACT 1994

IN THE MATTER of trade mark
application **m** 1582835
by Ernest Productions Limited
5 to register a mark in class 16

and

IN THE MATTER of opposition
thereto under opposition **m** 45363
by Joseph Hepworth

10 DECISION

Ernest Productions Limited (“EPL”) applied on 25 August 1994 under Section 17(1) of the Trade Marks Act 1938 (as amended) to register the trade mark:



The application was made in respect of the following goods:-

15 “Printed matter, books, periodicals; stationery; writing and drawing materials; greeting cards, postcards, writing paper, notelets and envelopes; posters and photographs; writing and drawing implements, rulers and erasers; boxes and cases for writing or drawing implements; writing or drawing books; bookmarks; decalcomanias and heat transfers; stickers and labels; diaries and calendars; folders, files, loose-leaf binders;

films, sheets and bags, all for wrapping or packaging purposes; artists materials; all included in Class 16”

The application was the subject of a disclaimer under the provisions of section 14 of the Act:-

5 Registration of this mark shall give no right to the exclusive use of the word “Juan” and the numeral “1”

On 11 September 1996 Joseph Hepworth filed notice of opposition. In brief, he claims that the “concept” of the trade mark in suit was devised by him. The specific grounds upon which the opposition is based are, in summary:-

10 ! Section 17(1) — The opponent claims that the applicant is not the proprietor the trade mark in suit, and has not used and does not have a bona fide intention to use the trade mark in relation to the goods.

! Section 11 — Use of the trade mark would deceive and cause confusion, and be contrary to law. As such, registration of the mark would contravene the provisions of Section 11 of the Act.

15 ! Section 12(3) — The opponent is the owner of United Kingdom trade mark application m 1584524 which, it is claimed, resembles the application in suit and is in respect of the same goods or goods of the same description. The mark in suit should not be registered until the rights of the applicant and opponent have been determined by the Court.

20 The opponent asks the Registrar to refuse the application in the exercise of his discretion and to award costs in his favour.

The applicant filed a counterstatement denying these grounds, asking the Registrar to register the trade mark and award costs in its favour.

25 Only the opponent filed evidence in these proceedings, following which the matter came to be heard on 10 March 1999 when the applicant was represented by Ms Christina du Mond, owner of the applicant company, and the opponent was represented by Mr Graham Farrington of Ladas & Parry.

30 By the time this matter came to be decided, the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. Nevertheless, these proceedings having begun under the provisions of the Trade Marks Act 1938, they must continue to be dealt with under that Act in accordance with the transitional provisions set out at Schedule 3 of the 1994 Act. Accordingly, and unless otherwise indicated, all references in the remainder of this decision are references to the provisions of the old law.

35 Opponent’s Evidence

This consists of a statutory declaration dated 22 May 1997 by Mr Joseph Hepworth, the opponent.

Mr Hepworth in his declaration gives the history of his relationship with Ms du Mond, whom he describes as the principal shareholder and only director of the applicant company. I will summarise what I consider the pertinent points of his account of the relationship.

5 Mr Hepworth declares that Ms du Mond visited him at his hotel on 19 February 1994. Whilst she was staying there he told her of his Juan and Juan-liners concept. Mr Hepworth says that he had been thinking of the concept since 1984. The concept is a play on “Juan”, the Spanish name sounding like “one”; hence one-liners become Juan-liners. He gives examples of the phrases; “it takes Juan to know Juan” and “Juan small step for mankind”. Mr Hepworth discussed this concept with Ms du Mond, suggesting that the phrases should be presented in a cartoon format with Juan as a Mexican character. Ms du Mond offered to find a cartoonist for him. Mr Hepworth goes on to declare that on the morning of 21 February 1994 Ms du Mond asked if she could act as his agent in respect of the Juan-liners concept. He exhibits at JH1 a list of Juan-liners which he typed out for Ms du Mond. Mr Hepworth told Ms du Mond that it would be important to legally secure the concept and that Ms du Mond replied that she would speak to her lawyer.

10 On 2 March 1994 Mr Hepworth sent Ms du Mond a further list of Juan-liners and she sent him various cartoons by two cartoonists in order that he could choose the one he preferred. On 18 and 19 April 1994 further cartoons drawn by Don Roberts were sent to him. Mr Hepworth exhibits (JH2) copies of the second list of Juan-liners and of the cartoons. He declares that it was clear that Ms du Mond was acting as his de facto agent and seeking his approval of the development of the concept.

15 On 22 April 1994 Mr Hepworth met with Ms du Mond again; they also met Iain McGaskill who was interested in the “Juan project” and had shown it to a number of interested parties. Mr Hepworth continued to discuss the project throughout May 1994. On 27 May 1994 he received a formal agency agreement from Ms du Mond. The agreement and the accompanying letter sent with it are exhibited to Mr Hepworth’s declaration. The agreement states that Mr Hepworth is the “conceptualist of the work titled ‘Juan’ ”. (The full text of the agreement is reproduced below on page 7.)

20 The agreement was sent to Mr Hepworth with Ms du Mond’s signature already upon it; he added his but did not return the document immediately because he was not sure that the terms of the agreement adequately expressed the contractual relationship that he was seeking. Mr Hepworth prepared a revised agreement (also exhibited to his declaration) and sent it to Ms du Mond. He then telephoned her on 2 June 1994 to discuss the revised agreement, but as Ms du Mond refused to enter into discussion, he says that he forwarded the original agreement duly signed and dated 27 May 1994.

25 Mr Hepworth exhibits a letter from Ms du Mond in which Ms du Mond holds that no contract existed between them. Mr Hepworth took the letter to mean that Ms du Mond no longer wished to represent him as an agent in relation to the “Juan concept”, and he therefore sought another agent to exploit the “Juan concept”.

30 On 10 September 1994, Mr Hepworth applied to register the mark JUAN LINE.....FROM JOE in Class 16 and it was not until 17 February 1995, when his trade mark attorneys received

the examination report in respect of his trade mark application, that he learned of the application in suit.

Mr Hepworth concludes his evidence by stating that he believes that the application in suit represents a breach of the confidence that was due from Ms du Mond when acting in her capacity as his agent and so registration of the trade mark in suit would be contrary to law.

Applicant's request for leave to file late evidence

The applicant's evidence was due to be filed by 23 November 1997. However, this deadline passed and no evidence was received. Shortly after the hearing date of 10 March was appointed, the applicant's agents wrote to Ms du Mond to say that they were no longer able to represent her. Subsequently, in a letter dated 22 February 1999, Ms du Mond (who has since represented herself in these proceedings) asked that a bundle of 'relevant papers' be considered before or at the hearing on 10 March. Amongst the papers enclosed, was a statutory declaration by Christina Madeleine du Mond, and a number of other documents described as 'attachments'. Although Ms du Mond's declaration refers to these attachments, the specific documents are not clearly identified and none of them were sworn as exhibits to the statutory declaration. Consequently the Office wrote to Ms du Mond on 1 March 1999 explaining that the attachments could not be formally admitted into the proceedings as exhibits because they were not properly executed, and inviting her to put the attachments into an acceptable form before the hearing. At the same time, the opponent's agents were invited to comment on what was being treated as a request from the applicant for leave to file evidence under rule 13(8) of the Trade Marks Rules 1994 (as amended).

The agents acting for the opponent replied on 3 March 1999, objecting to the admission of this late evidence. I therefore dealt with this issue as a preliminary matter at the hearing on 10 March 1999. After hearing submissions from the representatives of both parties, I explained that the relevant criteria that I had to bear in mind when deciding whether or not to admit the applicant's late evidence were broadly as set out by Mr Justice Laddie in his judgment in *SWISS MISS*¹. Strictly speaking, the issue before Mr Justice Laddie in *SWISS MISS* was whether to admit further evidence on appeal under the provisions of section 18(8) of the 1938 Act. Thus he was not immediately concerned with the position in relation to rule 13(8) of the Trade Marks Rules 1994 (as amended). Nevertheless, his reasoning and the specific factors that he identifies are of equal significance here. He says:

"In deciding what course to adopt, a number of factors appear to me to be of importance. In *Ladd v. Marshall* the court was concerned with private litigation between two parties. If one of them failed to produce evidence which was relevant and helpful until too late, only it would suffer the consequences. However that is not the case here. An opposition may determine whether or not a new statutory monopoly, affecting all traders in the country, is to be created. Refusing permission to an opponent who files evidence late affects not only him but also may penalise the rest of the trade. That is particularly the case where, as here, it is alleged that the applicant is trying to monopolise a well known geographical location. Secondly, although the matter is not clear, it is probable that if the evidence is excluded and the opponent, as a result, loses then he will be able to return again in separate proceedings to seek rectification of the

¹HUNT-WESSON INC.'S TRADE MARK APPLICATION [1996] RPC 233 at page 241/2.

5 register. An advantage of allowing in the evidence at the appeal stage is that it may well avoid a multiplicity of proceedings. Thirdly the hearing before the High Court is a rehearing. In my view the more appropriate course to adopt now is to look at all the circumstances, including those factors set out in *Ladd v. Marshall* and to decide whether on the particular facts the undoubted power of the court to admit fresh evidence should be exercised in favour of doing so. With this in mind it seems to me that in any case the following matters (and there may well be others) are likely to be relevant:

1. Whether the evidence could have been filed earlier and, if so, how much earlier.
- 10 2. If it could have been, what explanation for the late filing has been offered to explain the delay.
3. The nature of the mark.
4. The nature of the objections to it.
5. The potential significance of the new evidence.
- 15 6. Whether or not the other side will be significantly prejudiced by the admission of the evidence in a way which cannot be compensated, e.g. by an order for costs.
7. The desirability of avoiding multiplicity of proceedings.
8. The public interest in not admitting onto the register invalid marks.”

20 To begin with, it is clear that Mr Justice Laddie gave significant weight to the individual circumstances in *SWISS MISS* and in particular the consequences of creating a new statutory monopoly affecting all traders in the country. It was not simply a question of private litigation between two parties where only one of them would suffer the consequences of failure to produce evidence that was relevant and helpful until too late. But that is precisely the situation here. Neither party to these proceedings is claiming that the mark should *not* be registered. In a nutshell, both parties are claiming sole entitlement to register the ‘Juan concept’ as a trade mark and no-one has suggested that the particular trade mark in suit should be available for use by others.

30 Considering the eight separate factors suggested by Mr Justice Laddie, there was in my view a clear indication that the evidence should not be admitted. In particular, much of Ms du Mond’s statutory declaration appeared to be irrelevant to the issues that have been pleaded in these proceedings, and one or two passages were, in my opinion, quite offensive. I could see no reason why the remainder of the evidence could not have been filed earlier, within the statutory period for filing evidence. Ms du Mond explained that she had not seen the opponent’s evidence until the Registry sent her a copy a week before the hearing. She said that it had originally been copied to her agents, but they had not forwarded it to her. Although I felt some sympathy for Ms du Mond in the circumstances as she described them, I was unable to overlook the fact that Ms du Mond had been professionally represented by a firm of Patent and Trade Mark Attorneys until November 1998, twelve months *after* the due date for filing evidence.

40 I also had to bear in mind that the ‘attachments’ had still not been sworn as exhibits to Ms du Mond’s statutory declaration. Without these ‘attachments’, it was extremely doubtful to me that the content of the statutory declaration alone would have carried much weight.

Mr Farrington explained that the opponent was objecting to the admission of this late evidence for a number of reasons, not the least of which was that it challenges Mr Hepworth’s claim to

be the inventor or designer of the ‘Juan concept’. If I were to admit the evidence at such short notice, then the opponent should be allowed an adjournment in order to prepare evidence in reply to Ms du Mond’s evidence.

5 After weighing all these considerations, I refused to admit Ms du Mond’s statutory declaration into the proceedings.

That concludes my summary of the evidence in these proceedings, and I turn now to consider the specific grounds of opposition. At the hearing, Mr Farrington agreed that there was essentially only one issue between the parties, ownership, and that my decision in relation to the section 17 ground of opposition would effectively decide the matter.

10 *Section 17(1)*

This section reads:

“17(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or in Part B of the register.”

15 The issue in relation to section 17(1) is whether, at the time of filing the application, EPL had a bona fide claim to be the proprietor of the mark, or whether, in making such a claim, they were making a false representation to the Registrar.

20 Both parties agree that the mark in suit is an unused mark. Neither EPL nor Mr Hepworth have begun to use the ‘Juan concept’ as a trade mark. Mr Hepworth’s later filed application to register the mark JUAN LINE.....FROM JOE (also unused) has been examined in the registry, but has not been accepted because of the existence of this earlier application.

*AL BASSAM*² is recognised as the leading decided case in this field, and although it was not specifically raised as an authority at the hearing I do not think that I can easily ignore it. The following passage from Lord Justice Morritt’s judgment (page 522) is particularly instructive:

25 “Accordingly it is necessary to start with the common law principles applicable to questions of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in *Nicholson & Sons Ltd’s Application* (1931) 48 RPC 227 at page 253 Lawrence LJ said

30 “The cases to which I have referred (and there are others to the like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction
35 restraining any other person from using the mark.”

²AL BASSAM Trade Mark [1994] RPC 315 (High Court) & [1995] RPC 511 (Court of Appeal)

Second the right to the used mark as an indication of the origin of the goods could not be assigned separately from the goodwill of the business in which it had been used for that would have been to assign the right to commit a fraud on the public. cf. *Pinto v. Badman* (1891) 8 RPC 181, 194. Third, in the case of an unused mark the person with the best right to use it was the designer or inventor. cf. *Hudson's Trade Marks* (1886) 3 RPC 155 at pages 160 and 163.”

As the mark in suit in these proceedings is an unused trade mark, I need to ask myself the question: who is the designer or inventor of the mark? According to Mr Hepworth, he first thought of the ‘Juan concept’ in February 1984, although it is not in dispute that the cartoon images to go with the Juan-liners (or one-liners) were drawn by an artist working for Ms du Mond. Mr Farrington submitted that the agency agreement that had been signed by both Ms du Mond and Mr Hepworth is the single most significant piece of evidence in the proceedings as to what the parties understood the true position to be in May 1994 — before the relationship broke down.

For convenience, the text of the agreement is reproduced below:

AGENCY AGREEMENT FOR 'JUAN'

This letter sets out the terms of agreement between us relating to your concept entitled 'JUAN'

It is agreed as follows:

1. You hereby warrant that you are the conceptualists of the work titled 'JUAN' and that no previous assignment or grant of any license in the stories of characters therein has been made.
2. You appoint me to act on your behalf as sole agent for the above work.
3. The agency shall commence on the signing of this letter of agreement and continue for a period of five years (5) from the date hereof, save only that should I sell none of the rights set out below within the period of fifteen months following your signature, then the agency may be terminated by your sending me in writing notice of such termination or by me sending you such notice. Thereafter this agreement shall be renewed for further periods of five years (5) unless either party shall give the other written notice of termination at least 90 days prior to the first or any subsequent renewal date.
4. The agency relates to:
 - a. The sale of volume (hardback and/or paperback) rights
 - b. The sale of serial and/or extract rights in newspapers, supplements, magazines and periodicals.
 - c. The sale of licences to use the 'JUAN' copyright name and/or associated characters and likenesses thereof in merchandise of various kinds (including, but not limited to, clothing, toys, calendars, stationery etc.).
 - d. The sale of theatre, film, radio, and television rights.
5. In consideration of the above, I shall make payment to you as follows 25% (twenty five percent) of all net revenues received by me from such licensing.
6. Payments under this agreement shall be made in accordance with your written instruction in final discharge of monies due.

I think it is fair to say that Ms du Mond understood the importance of this agreement in terms of the outcome of this opposition. She said at the hearing that she had agreed to pretend that ‘Juan’ was Mr Hepworth’s creation because she felt sorry for him, and wanted to help him through a difficult time in his personal life. In the course of her submissions, she maintained resolutely that the concept of ‘Juan-liners’ was her idea and not Mr Hepworth’s. Of course I cannot give Ms du Mond’s submissions the same weight as evidence given on oath. But even if I could, I would still be presented with two incompatible statements of how the mark was created. The deciding factor in this case is the agency agreement, signed by Ms du Mond in May 1994, and which refers to the ‘Juan’ concept as belonging to Mr Hepworth as ‘conceptualist’ of the work. I have carefully examined all the evidence in these proceedings to see whether there is any documentary evidence to support Ms du Mond’s version of events, but there is not. In the circumstances I am led to go with the evidence and conclude that Mr Hepworth is the designer or creator of the ‘Juan concept’.

But that is not the end of the matter, for the trade mark in suit is not a ‘concept’ or an idea but a trade mark. It comprises two principal elements: the words “JUAN LINERS” and a cartoon drawing of a Mexican character holding up the numeral one. Mr Farrington stressed that his client was not claiming any rights in the cartoon drawing — only the words “JUAN LINERS”. As it was his client who first thought of putting these words together, and because the words comprise a major part of the mark, Mr Farrington submitted that the applicant, EPL, was not entitled to be registered as the proprietor of the whole mark. I agree with Mr Farrington’s submission. The opposition based on section 17(1) succeeds accordingly, and application m 1582835 is hereby refused.

As I mentioned at the outset, other grounds of opposition were raised in these proceedings but they were not argued to any significant extent since the core issue relates to the claim to ownership of the mark. I therefore see no need to refer to these other grounds in any detail and decline to do so.

Registrar’s Discretion

There remains the matter of the Registrar’s discretion. In view of the decision reached above, no exercise of the Registrar’s discretion is necessary or appropriate.

The opponent, having been successful in these proceedings, is entitled to a contribution towards the costs of mounting the opposition. I therefore order the applicant to pay to the opponent the sum of **£735**.

Dated this 24th day of March 1999

Mr S J Probert
Principal Hearing Officer
For the Registrar, the Comptroller-General