

O-094-17

IN THE MATTER OF UK TRADE MARK REGISTRATION NO 2557468
“**ROADRUNNERS**” IN THE NAME OF ROADRUNNERS GATWICK
LIMITED AND
IN THE MATTER OF A DECLARATION OF INVALIDITY IN THE NAME
OF ROAD RUNNERS (EAST GRINSTEAD) LIMITED

DECISION

INTRODUCTION

1. This is an appeal by the proprietor (referred to in the decision as “Gatwick”) from the decision of Mr Allan James, the Hearing Officer acting for the Registrar whereby he upheld the application for a declaration of invalidity of the mark ROADRUNNERS in respect of “Arrangement of taxi transport; taxi services; taxi transport; transport of travellers by taxi” in class 39. The Hearing Officer declared the mark invalid on the basis that it had been registered in bad faith (section 3(6), Trade Marks Act 1994 “the Act”) and that its use was liable to be prevented by the law of passing off (section 5(4)(a)). The dispute may be characterized as a battle between two undertakings, (“Gatwick” and “EG”) broadly speaking over the use of the mark ROADRUNNERS on the Kent/East Sussex border, complicated by the fact that both “sides” operate to Gatwick airport (among other destinations).
2. The main attack on the decision is an allegation that the Hearing Officer failed to deal with the evidence before him in a proper manner. More specifically, with respect to the case based on bad faith, it is said that certain evidence should not have formed the basis of the decision. With respect to the case based on section 5(4)(a) it is said that there was no adequately developed case based on localized goodwill and the decision should not have been based on that.

3. I propose to address the appeal relating to the finding of bad faith first, because this is the more serious allegation and the central challenge to that part of the decision is a more focused one.

APPROACH TO APPEAL

4. There is no dispute as to the correct approach to an appeal of this kind. The Court of Appeal in *REEF* summarized it as follows:

“28. In this case the Hearing Officer had to make what he himself referred to as a multi-factorial comparison, evaluating similarity of marks, similarity of goods and other factors in order to reach conclusions about likelihood of confusion and the outcome of a notional passing-off claim. It is not suggested that he was not experienced in this field, and there is nothing in the Civil Procedure Rules to diminish the degree of respect which has traditionally been shown to a Hearing Officer’s specialised experience. (It is interesting to compare the observations made by Lord Radcliffe in *Edwards v Bairstow* [1956] AC 14, 38-9, about the general commissioners, a tribunal with a specialised function but often little specialised training.) On the other hand the Hearing Officer did not hear any oral evidence. In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.”

BAD FAITH (Section 3(6))

5. The Hearing Officer held that the mark offended against the provisions of s.3(6) of the Act. Central to his decision was his conclusion as to the intentions of the proprietor in applying for the mark.

The Hearing Officer’s findings concerning the proprietor’s intentions

6. The Hearing Officer undertook an extensive analysis of the evidence including, specifically, that relating to the proprietor’s intentions (see paras [51]-[56] of the decision). He summarized the most salient evidence as follows:

“53. James Kemp also states that Mr Hussein has an antagonism towards what he describes as ‘the Roadrunner group’ and has made false allegations of breach of licence obligations against the company in the past. According to James Kemp, EG has been exonerated on each occasion. Mr Kemp concludes that the trade mark application was motivated by a desire to damage EG’s business and, if allowed to stand,

will result in Gatwick pursuing EG for trade mark infringement, despite its historical rights to the Roadrunner name.

54. Mr Rampersand (who has worked for both parties) says that EG has a larger business than Gatwick with licences in three districts compared to Gatwick's one. Mr Rampersand also says that he witnessed Mr Hussein frequently tell others that he wished to "take out" the Kemps, and he understood this to mean stop them operating in the taxi industry. He says that Mr Hussein was "obsessed" with driving EG out of the Reigate and Banstead borough in which Gatwick operates, and that he showed by his words and actions that he wanted to destroy or damage the business of EG. Mr Rampersand also claims that, following the meeting with James Kemp in 2009 about the possibility of a joint venture, Mr Hussein told him that it was his intention to catch EG unaware and take legal action for trade mark infringement. Mr Rampersand states that Mr Hussein had in fact already started the procedure for registering the ROADRUNNERS trade mark at that time, although this seems unlikely given that the application for registration was not filed until 1 September 2010.

55. EG's witnesses make various other allegations about Mr Hussein, including that he poached drivers from EG and made untrue allegations of a racial character against the Kemp family. These allegations reinforce the perception of bitter rivalry between the parties, but I do not regard them as shedding any further light on the intentions behind the trade mark registration at issue.

56. Mr Hussein offers no evidence about his intentions when applying to register the mark. In particular, he does not deny Mr Rampersand's evidence about his antagonism towards EG, nor does he deny that he intends to enforce his trade mark against EG in order to prevent it from continuing to use the ROADRUNNERS name."

7. The Hearing Officer therefore found the following about the proprietor's intentions with regard to the use of the mark if registered:

"57. I find that the intention behind the trade mark application was to gain further protection for the established Roadrunners mark owned by Gatwick in Redhill and Reigate. This included the prospect of taking infringement action in order to prevent EG from continuing to trade under the Roadrunners name."

8. He considered a submission on behalf of the proprietor to the effect that Mr Hussein's intentions could not be attributed to the proprietor and, at paragraph [77] rejected that submission, holding that Mr Hussein was the moving force behind Gatwick and that his intentions could be attributed to the company.

Gatwick's awareness of EG's use of the Roadrunners mark

9. In essence, the Hearing Officer's view was that the proprietor knew or ought to have known that it had no legitimate basis for attempting to prevent the use by the applicant for invalidation of the mark ROADRUNNERS in the areas where it (the applicant for invalidation) had a right to do so. He referred to the relevant passages of the law as set out in *Cipriani* and summarized his evaluation of the facts in paragraphs [77]-[79] of the decision:

“77... Gatwick obtained UK-wide exclusive rights in ROADRUNNERS against a background of its unregistered rights in only one locality within the UK, and where Mr Hussein ought to have known that EG had established similar rights to the mark in several other nearby localities.

78. Mr Hussein may have believed that he had a superior right to the trade mark, but he ought to have realised that Gatwick's goodwill did not entitle him to exclusive rights to the mark in the areas in which EG had been trading as ROADRUNNERS for years.

79. Mr Hussein might have said that he thought that EG would have a defence under section 11(3) of the Act on the basis that EG was the first user of the mark in the localities in which it had traded under ROADRUNNERS before the date of the application for registration. Alternatively, he might simply have said that Gatwick did not intend to sue EG for continuing to trade in those areas. Mr Hussein has done neither. In fact he gives no evidence as to his intentions at the time of the application. It is submitted on behalf of Gatwick that Mr Rampersand is a disgruntled former employee with an axe to grind. If I had to choose between the evidence of Mr Rampersand and that of Mr Hussein, that point might have weighed in favour of Mr Hussein's version of their discussions. However, as Mr Hussein has not offered any evidence of his own to contradict Mr Rampersand's recollection of Mr Hussein's statements to him, I accept the evidence given by Mr Rampersand on behalf of EG, that Mr Hussein made statements to him that were consistent with a desire to destroy or damage EG's business. This is consistent with the fact that, despite years of concurrent trading in different but nearby localities, Gatwick makes no complaint that the use of the ROADRUNNERS mark by EG has caused confusion or deception amongst its customers. It is not therefore obvious why Gatwick considered it necessary to obtain a UK-wide trade mark registration, despite being acutely aware that it was not the only business using the name ROADRUNNERS for taxi services.”

10. The Hearing Officer therefore found that the application was made in bad faith.

Summary of the legal principles relevant to the assessment of bad faith

11. Before turning to the specific criticisms of the decision, it is useful to set out the relevant principles applied by the Hearing Officer as summarized by Arnold J in *Red Bull* [2012] EWHC 1929 (Ch) and cited in the decision as follows:

“Bad faith: general principles

130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoff GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and

CHOOSI Trade Mark (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

12. The Hearing Officer also referred to the following passage in the judgment of Arnold J in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2008] EWHC 3032:

"189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a

Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

13. There was no dispute on this appeal that these passages summarized the relevant principles. However, the Hearing Officer did not refer to the passages in *Cipriani* immediately following paragraph [189]. These are as follows, with the most relevant parts highlighted.

190. Nor in my judgment does it amount to bad faith if what the applicant seeks to register is not the actual trade mark he himself uses but merely the distinctive part of his trade mark, the other part of which is descriptive or otherwise non-distinctive, and third parties are also using the distinctive part with different non-distinctive elements. It is commonplace for applicants to apply to register the distinctive elements of their trade marks, and with good reason. Moreover, in such a case the applicant would be unlikely to have an Article 9(1)(a) claim against the third parties, yet as noted above counsel for the Defendants accepted that the ability to make an Article 9(1)(b) claim was not enough to constitute bad faith.

191. As I have said, counsel for the Defendants accepted that the Defendants were seeking to extend the law. The nearest authority he was able to cite in support of his argument was the decision of Mann J in *Sir Robert McAlpine v Alfred Alpine plc* [2004] EWHC 630 (Ch), [2004] RPC 36. In that case the claimant and the defendant construction companies, which had a common origin, had co-existed for nearly 70 years. For nearly 40 years they had traded in different regions, but thereafter had overlapped. There was also a substantial overlap in their spheres of activity. The companies distinguished themselves from each other by means of the forenames Robert (or Sir Robert) and Alfred. In 2003, however, the defendant re-branded itself as simply "McAlpine".

The claimant succeeded in a claim for passing off. Mann J's reasoning can be seen from the following passages in his judgment:

"31. Against this evidential background, and assisted by the material produced during the course of the rebranding exercise, it seems to me to be clear, and I so find, that the use of the word 'McAlpines' or 'McAlpine', in the construction industry field, is capable of referring to Robert. This is so notwithstanding that it is also capable of referring to Alfred. It seems to me to be of the essence of goodwill that is jointly owned (a fact that is conceded in this case) that that should be the case....

...

36. Accordingly [as a result of the re-branding] there is, and will be, a situation in which 'McAlpine' features almost exclusively in the trading persona of Alfred. Does this amount to a misrepresentation for the purposes of the law of passing off? In relation to relevant activities, it seems to me that it does. I have already found that the word is capable of referring to Robert, so using the word will inevitably amount to a misrepresentation because the business being referred to is not in fact that of Robert. I accept Mr Wyand's submission that the use of the word, in a market which understands the word to refer to Robert even if it is capable of referring to Alfred, is a statement that the user is the entity known as McAlpine, and as such is a misrepresentation. Since the use of that word lies at the heart of the present corporate presentation and image, the misrepresentation is made out....

39. I accept that most professionals in the market know that there are two McAlpine companies, and that those who are actually dealing with either of them will by and large know with whom they are dealing once they start to deal in earnest. I also accept that in some contexts, and to many people, it will be appreciated that 'McAlpine' or 'McAlpines' will be correctly understood to mean Alfred. However, none of that detracts from the fact that Alfred is seeking to use a word which is frequently associated with (and taken to denote) Robert and use it to connote itself (Alfred). I accept, as submitted by Mr Thorley (and indeed accepted by Mr Wyand) that mere confusion is not enough, but on the facts of this case there is more than confusion. There is a misrepresentation. The fact that some are not misled does not prevent there being a misrepresentation and a person who corrects himself or is corrected by others has still been misrepresented to....

...

49. Just as the sole owner's rights should not be reduced, blurred or diminished, nor should a joint owner's, whether at the hands of the other joint owner or a third party. Neither owner has higher rights in the name and reputation than the other. But it seems to me to follow from that that neither is entitled to start to elbow the other aside by using it to describe its own business in a way

which suggests the exclusion of the other. This is not to invent the tort of misappropriation of goodwill, which I have disclaimed above. It is to recognise that the shared rights to goodwill can be damaged by the co-owner arrogating to himself the use of the name in circumstances where that amounts to a misrepresentation and a partial ouster of the claimant. Because the rights are shared, Robert has had to live with the risks flowing from the use of the name by another, but that risk was limited by the general use of 'Alfred' as a prefix. Once the prefix goes, there is scope for a greater amount of elbowing (or blurring, or diminishing, or erosion (*per* Peter Gibson L.J., in the passage from *Tattinger*, cited above)), to which Robert has not consented.

50. Is this sort of loss made out here? It seems to me that it certainly is. Before the rebranding, the co-owners of the goodwill co-existed and exploited the name, and benefited from it, in whatever manner they could. But at all times their activities in that respect were as a matter of fact constrained by the fact that an identifier was added to make it clear which party was speaking or being referred to. That identifier was available not only to the parties, but was also available to third parties such as the press and the construction industry generally. The exploitation was carried out without misrepresentation, and without either party taking steps to suggest that it was the sole owner of the name. That has now changed. Alfred has taken steps which suggest that it is the sole owner of the name, and to do that is to affect the value of the name to Robert because it starts to elbow it out—it deprives Robert of some of the value of the name to itself, and it blurs or diminishes Robert's rights. So to hold is not to let the metaphor govern the principle; it is to acknowledge the principle and to acknowledge the usefulness of the metaphor in expounding it. It is no answer to say that Robert could also call itself McAlpine (as was suggested in the trial). The fact is that Alfred has sought to do so, and it cannot escape the consequences by saying that Robert could do that as well if it wanted."

192. Counsel for the Defendants submitted that passing off was a form of unfair competition, which I entirely accept. He further submitted that it followed that the defendant in that case would have been acting in bad faith if it had applied to register McALPINE as a trade mark for construction services. I consider that this is a *non sequitur* for the reasons I have given above. Indeed, I would go further. McAlpine was a case of shared goodwill. It is a well-established principle of the law of passing off that owners of a shared or concurrent goodwill can sue third parties even if they cannot sue each other: see *Dent v Turpin* (1861) 2 J & H 139, *Southorn v Reynolds* (1865) 12 L.T. 75, *Parker & Son (Reading) Ltd v Parker* [1965] RPC 323, *Sutherland v V2 Music Ltd* [2002] EWHC 14 (Ch), [2002] EMLR 28 and *Byford v*

Oliver [2003] EWHC 295 (Ch), [2003] EMLR 20. Thus if a party unconnected with either the claimant or the defendant in the McAlpine case were to start trading in the construction field under the name McAlpine, or a name which included that name, both the claimant and the defendant would be likely to have a remedy in passing off. By parity of reasoning, both the claimant and the defendant would have a legitimate interest in applying to register McALPINE as a trade mark in respect of construction services, in order to stop third parties using it. What the decision in *McAlpine* shows is that either party would be able to oppose such an application by the other on relative grounds. If they consented to each other's applications, however, both parties could register the mark. In such circumstances, both parties would have a defence to claims by the other of infringement through use of their full name. If the Defendants' argument were correct, however, neither party would be able to achieve registration, and thus both parties would be denied protection through registration against third parties with no right to use the mark. If the Defendants were to argue that consent made all the difference in this scenario, that would undermine their argument that the existence of potential defences to claims to enforce a registration is immaterial.

193. Counsel for the Defendants also relied upon the fact that the Regulation makes no express provision for registration upon the basis of honest concurrent use, and argued that this demonstrated the need for a broad interpretation of Article 51(1)(b). I disagree. In my view the absence of an honest concurrent use provision is a legislative decision which has nothing to do with the scope of Article 51(1)(b). Furthermore, even though the Regulation contains no such provision, the effect of the provisions it does contain may be to permit registration in some circumstances corresponding to honest concurrent use. As discussed above, it certainly permits the co-existence of Community trade marks with third party national rights in certain circumstances.”

14. No doubt was cast on that passage by the judgments of the Court of Appeal in *Cipriani*. The proprietor did not draw particular attention to this passage on this appeal. Nonetheless, it has some relevance to the assessment required because it suggests that particular caution is required before a finding of bad faith is made in a situation where two undertakings claim to have concurrent rights to use a mark.

GROUND OF APPEAL

15. The proprietor, Gatwick, criticizes the decision on a number of grounds.

(i) Scope of pleading

16. First, the proprietor contends that the findings made were outside the scope of the pleaded case of bad faith. However, the grounds of opposition stated, *inter alia*, as follows (key allegation underlined):

“The proprietor...knew that the Opponent was using the same sign or a confusingly similar sign for taxi services at the time of registration of the mark. The proprietor’s intention in applying to register the mark was therefore to prevent a competitor from continuing to use the mark.”

17. The thrust of the case and of the evidence in support of the pleading of bad faith was that the mark was registered deliberately to prevent EG from continuing to use its own established mark in the areas in which it was established and more generally. The question of the proprietor’s intention was squarely in issue.

18. Second, it is said that the pleading was insufficiently specific to found a finding of bad faith. It is true that bad faith is treated as a serious allegation and requires specific pleading. However, the purpose of the pleading is primarily to set out the case clearly and to inform the person against whom the allegation is made of the facts and matters relied upon. In this case, the main matter relied upon was the proprietor’s intention at the time of application. In my judgment, this pleading was sufficiently clear to enable the proprietor to meet the allegation and to address evidence, should it have wished to do so, as to its actual intentions at the time of application, which (as *Lindt* says) is a central issue.

19. In summary, in my judgment, the Hearing Officer’s findings and conclusion were within the scope of that pleading and that the pleading was sufficient to enable a finding of bad faith to be made on the basis of it, if the evidence supported such a finding.

(ii) Inadequate evidence

20. The main criticism made of the decision by the proprietor is a contention that the evidence was insufficient to support a finding of bad faith on the pleaded basis. In particular, it is said that the Hearing Officer should not have relied on the evidence of Mr Rampersad, since he had rejected his evidence in other

respects. This contention is part of a wider allegation that the Hearing Officer failed to deal with the evidence in a proper manner. I shall deal with the more specific points first and then consider the broader criticism.

Evidence of Mr Rampersad and Mr Hussein

21. As to the specific points, the Hearing Officer relied on several matters of which the evidence of Mr Rampersad was only a part.
22. The Hearing Officer also took account all of the circumstances surrounding the relations between the two businesses. He placed particular weight on the fact that a specific allegation had been made as to the intention of the proprietor with respect to the mark both in the pleadings and in the evidence. Despite ample opportunity to do so, the contention that Mr Hussein intended to use the mark to try to stop EG's business using the ROADRUNNERS mark was not at any point controverted. The Hearing Officer's conclusion was based, in part, on what Mr Rampersad said but also on the evidence of all of the surrounding circumstances and on the fact that Mr Hussein had not denied the critical evidence given as to his intention in registering the mark.
23. The proprietor contends that the Hearing Officer should not have relied on the evidence of Mr Rampersad and the absence of contrary evidence from Mr Hussein, in the absence of cross-examination of Mr Hussein. I am unable to accept that submission. In my judgment, if anything, in the absence of cross-examination of Mr Rampersad (which there was no application to undertake) and in the absence of contrary evidence from Mr Hussein, the Hearing Officer would not have been justified in rejecting the evidence of Mr Rampersad on this issue without good reason. I am not persuaded that the evidence of Mr Rampersad was internally contradictory or not capable of belief on the critical issues. There was no evidence on this point to which cross-examination of Mr Hussein could be directed since he had neither denied the evidence of Mr Rampersad on this point nor, in saying that he had read the submission on his behalf prepared by his representatives, had he thereby denied the truth of the central allegation.

24. As to the latter point, the proprietor contends that it did give evidence that Mr Hussain disagreed with all of Mr Rampersad's evidence on the basis that, in the final paragraph of Mr Hussain's witness statement, he referred to having read the written submissions of his solicitors. Those written submissions contained three short paragraphs (46 to 48) which, it is said, made clear that the evidence of Mr Rampersad was not accepted. It is true that those submissions made that point Mr Hussain's evidence did not actually verify those submissions – or say that he agreed with them. The submissions themselves were not evidence and were written by representatives who themselves had no basis for knowing anything about Mr Hussain's intentions at the time of the application.

Onus and burden

25. More generally, the proprietor submits that it is for a person challenging a mark to prove bad faith, not for a proprietor to disprove such an allegation. The proprietor also submits that good faith is to be presumed. While that is right, if a person challenging the mark adduces specific evidence of an intention to deprive a known existing user of its ability to trade under its mark and that intention is not actually denied by the principal of the proprietor, that is a case where the case of bad faith is likely to be made out. That is not a situation of requiring a proprietor to disprove bad faith or one in which good faith is not initially presumed but one in which a prima facie case is made out which is not adequately rebutted by the proprietor.

Other material

26. The specific evidence of Mr Rampersad is supported by all the surrounding circumstances. The proprietor prays particularly in aid of the fact that the mini-cab or taxi business is fiercely competitive in this area. Against that background it is easier to believe that one undertaking would use all possible means at its disposal to try to create difficulties for a rival business. It is clear from Mr Rampersad's evidence that there is no love lost between these rival cab undertakings, to such an extent that there is some evidence of Mr Hussein having used anti-semitic language about EG's business.

27. I am also unimpressed by the contention that there is no bad faith because the person at whom the wrongly registered mark is intended to be used would or might have a defence under section 11 of the Act in respect of its existing activities, thereby defeating any effect of the registration in potential infringement proceedings. In this case, Mr Hussein has not suggested that he relied on the presence of this defence in the hands of EG to demonstrate that he did not have the intention to prevent EG from using its well-established mark, even if that would have come to nothing. To the contrary, the evidence taken as a whole suggests strongly that an attempt would have been made to prevent such use.

Mark applied for in legitimate protection of own business and goodwill

28. Finally, it is said the Hearing Officer ignored his own finding that the proprietor had goodwill dating back to 1991 and therefore had a legitimate business to protect. It is submitted that this means that the proprietor itself had a legitimate basis upon which to register its trading name as a trade mark. This, it is said, is therefore no more than an aspect of a normal, albeit aggressive, fight for control of one's own brand and does not constitute bad faith.

29. The proprietor is on stronger ground with this argument, as a matter of principle. It is this issue which has caused most reflection in considering this appeal, since the boundary between impermissible appropriation or denial of third party right amounting to bad faith and permissible assertion of a bona fide claim to a trade mark right of one's own is not always easy to draw. That is partly because it is not bad faith as such to stake a claim to trade mark protection even if that claim may not ultimately be justified. Nor is it bad faith as such for an undertaking to seek registration of a trade mark with a view to preventing others from using that or a similar mark. Indeed, securing exclusivity is the very purpose of trade mark registration. The jurisdiction to refuse protection in cases of bad faith is also not to be invoked so as to make general adjudications as to commercial morality.

30. That said, the CJEU made it clear in *Lindt* that the intention to prevent a third party from marketing a product may, in certain circumstances, be an important

element of bad faith on the part of the applicant. There is therefore no doubt that, in a given case, this can be a factor to which a tribunal can give considerable, indeed dominant, weight. There are, of course, cases in which an undertaking innocently registers a mark which it believes that it is itself entitled to use. That may have an incidental adverse effect on the business of other traders in the field. That is not bad faith as such: it is a normal approach to registration. While that is a sound proposition and is supported by the passages from the *Cipriani* case cited above, in my judgment, some care must be taken in applying it uncritically to the facts of any given case on bad faith.

31. On the one hand, there are doubtless cases where the intention of the party registering the mark is not very clear and, in those, a proprietor might reasonably be given the benefit of the doubt as to whether the mark was applied for in protection of its own business, bearing in mind the nature and seriousness of a bad faith attack. On the other hand, there are cases where it is sufficiently clear that the application for registration is not undertaken mainly to protect a proprietor's own business but is primarily to prevent a third party from using a mark which it is known that it is legitimately entitled to use. Exactly where the line is to be drawn between such cases may not always be easy but tribunals generally recognize sufficiently clear cases where they see them.

32. This is the kind of issue where reasonable tribunals can differ and where nuances of the evidence (and lack of evidence) can play an important role. In my judgment, a Hearing Officer who is bound to make an overall evaluation cannot easily be criticized for finding that a given set of facts puts a particular application on one side or the other of the line that divides illegitimate from legitimate purposes in registration.

The present case

33. In this case, the proprietor submitted no convincing evidence that its purpose in registration had nothing to do with interfering with EG's existing or future business. Had it done so, the Hearing Officer might have found it harder to conclude that there was bad faith. However, in the absence of such evidence and given all the other circumstances, he was, in my judgment, right to conclude

that this was not (in effect) a legitimately protective application for a trade mark but an illegitimately blocking one and that there was inadequate justification for aggression (in trademark registration terms) against a rival who, at the least, had concurrent rights to use the mark in question in a neighbouring area (see the summary of the Hearing Officer's conclusions above).

34. The appellant's representative said at the hearing that this was a case of a "race to the Patent Office" where it was legitimate for one side to try to "seize" the right to be the one who expands into the rest of the UK by use of the registration to preclude use anywhere apart from the area where there had been previous use. However, it seems to be that it is this sort of conduct that would be contemplated as objectionable by the test in *Lindt* on the footing that, in given circumstances, the applicant for registration would thereby be "seizing" a freedom to use a mark used by a third party which it knew that the other party may wish to (and was in fact entitled to) enjoy.

35. I have therefore come to the conclusion that the Hearing Officer took into account the relevant factors in reaching his decision. Moreover, the decision which he reached cannot, in my judgment, properly be described as wrong. At its heart lay a finding that the mark was applied for to prevent legitimate trade and wrongly to appropriate exclusivity in the mark to the proprietor when there was no proper basis for doing so. For all those reasons, I do not consider that the Hearing Officer made the specific errors alleged by this appeal, nor do I consider that he approached the issue in an erroneous way.

36. In reaching this conclusion, I also have regard to the fact that the guidance from the CJEU in the *Lindt* is to the effect that, in assessing bad faith, the relevant tribunal must make an overall assessment, taking into account all the factors relevant to the particular case. That necessarily involves a multifactorial assessment with which an appellate tribunal should be slow to interfere. The function of this tribunal on appeal is not to decide the case *de novo*. In *Sakura Tea Trade Mark* (BL O-131-16, 7 January 2016), Iain Purvis QC sitting as the Appointed Person said at paragraph 14:

"For the Opponent on this Appeal [Counsel] fairly accepted that he faced a heavy burden. Allegations of bad faith are classic instances of the application of (in Lord Hoffmann's words from Designers Guild v Russell Williams [2000] FSR 121) a 'not altogether precise legal standard' to a set of facts. They require a multi-factorial consideration and an exercise of judgment by the fact-finding tribunal. Where (as here) such a decision has been taken by an experienced Hearing Officer, having correctly directed him or herself as to the law, an appellate tribunal should be extremely unwilling to interfere with the result, unless something has plainly gone wrong in the Hearing Officer's understanding of the facts, or the result is simply irrational."

37. Those words are apposite in the present case. Here, the Hearing Officer was entitled to give particular weight to the fact that the registration had apparently been applied for with a view to interfering with the business of another trader which the proprietor knew was using the mark in question and, to that extent, to appropriate the goodwill associated with the other trader's use, sterilizing it in its hands.

38. For all those reasons, I do not consider that the Hearing Officer made the specific errors alleged by this appeal.

General approach to evaluation

39. More broadly, I have not been able to find any fault in the Hearing Officer's overall evaluation of the evidence on bad faith. The general criticisms amount to no more than saying that the Hearing Officer should have regarded the evidence as insufficient. In my view, it was sufficient for the findings he made.

Conclusion on section 3(6)

40. For the reasons I have set out above, even having regard to the cautions approach required before a finding of bad faith is made, there was sufficient basis for it here. Because of this conclusion on section 3(6) of the Act, in my judgment the appeal must be dismissed.

PASSING OFF (section 5(4)(a))

41. It is therefore strictly unnecessary to consider the separate criticisms of the Hearing Officer's decision relating to passing off. However, I am far from

persuaded that there is merit in the criticisms in respect of this aspect of the case either.

42. Having considered the relevant case law relating to the rights of one local user against another where the latter seeks to expand into a new area, the Hearing Officer said as follows:

“67. At the hearing I asked Mr Moss [counsel for the proprietor] what the position would be if his client extended his business to offer taxi services in the districts in which EG’s business is established. He submitted that as the first user of the mark (as against EG) it would be open to Gatwick to do so. I do not agree. In my view, EG had established local goodwill in the districts in which it operated at the relevant date and ROADRUNNERS mark was distinctive of its services in those localities. This would have meant that if Gatwick had offered taxi services in (say) East Grinstead, it would have been misrepresenting itself to the public there as being EG, or being economically connected to EG. That would have caused loss of business to EG and damaged EG’s goodwill in a way that Gatwick’s use of the same mark elsewhere would not have done. Gatwick’s antecedent use of ROADRUNNERS in a different locality does not undermine that finding. Further, such an extension of Gatwick’s use into the localities in which ROADRUNNERS is distinctive of EG would not have qualified as honest concurrent use because it would breach point (iii) in paragraph 61 of the judgment of Iain Purvis Q.C. cited above.

68. For these reasons, I find that, at the relevant date, EG was entitled to restrain Gatwick under the law of passing off from trading as ROADRUNNERS in at least Horley, Bexhill, Coulsdon, East Grinstead and Haywards Heath.

69. As Gatwick’s trade mark is registered for the whole of the UK, including the localities of Horley, Bexhill, Coulsdon, East Grinstead and Haywards Heath, this means that registration of the mark in the UK was contrary to s.5(4)(a) of the Act”.

43. In summary the appellant contends that the Hearing Officer was wrong to conclude that the applicant had a localized goodwill enforceable against the proprietor at the relevant date enabling it to prevent use of the mark. In this connection, the proprietor contends that the case which the Hearing Officer found to be established (namely one of local goodwill) was not adequately pleaded or developed in the evidence with a result that the proprietor was placed at a disadvantage in addressing it. The proprietor also objects to the fact that

cases were referred to in the decision which were not cited before the Hearing Officer.

44. The difficulty arises because each side has (to some extent) been using the mark ROADRUNNERS in geographically adjacent areas for some time. The Hearing Officer found that the applicant had sufficient, albeit localized, goodwill to prevent use in at least part of the area (and therefore sufficient to succeed with respect to passing off). The proprietor counters by saying that it had a prior goodwill in an adjacent area which would have either afforded a defence to a claim for passing off (on the basis of long concurrent user) or would have entitled the proprietor to sue the applicant for a UK wide injunction restraining the applicant from using the mark.

45. In my view, there is some merit in these points in that this alternative case was not as well developed as it might have been and that the evidence and responses to them were accordingly not as full as they might have been. However, in substance what happened procedurally was that the applicant maintained a broad case in the pleadings that it enjoyed goodwill throughout the UK sufficient to prevent use of the mark. There was no alternative narrower case advanced but, likewise, the proprietor was also contending that it was absolutely entitled to use the mark everywhere – and indeed to expand into new areas throughout the UK.

46. The essential difficulty for the appellant, is therefore that there was sufficient material in the evidence for the Hearing Officer to find that there was local goodwill which would have at least prevented use of the mark in an area containing many thousands of people.

Conclusion on section 5(4)(a)

47. I do not therefore think that the Hearing Officer can be criticized as being wrong in making the findings he did although, in the circumstances, it may have been preferable to provide an specific opportunity to the applicant to address a narrow case of localized goodwill which had not been very well developed on the evidence and with the authorities, had this been the only point in the case.

However, given the decision on bad faith, there would probably have been limited value in doing so, since the mark would have been held invalid in any event.

OVERALL CONCLUSION

48. The appeal must be dismissed.

COSTS

49. The Hearing Officer awarded the opponent costs of £750 as a contribution towards the cost of the half-day hearing as well as certain other costs. The appeal has been dismissed but the applicant (respondent) was not represented. I received a very short e-mail, making points substantially the same as those made to the Hearing Officer below, from an officer of the applicant just before the hearing. I was told at the hearing that the applicant had gone into liquidation although I have not received submissions from the liquidator in this matter. In the circumstances, given the fact that there was effectively no attendance and the only submission was by way of short e-mail from an officer of the applicant, I am not satisfied that any recoverable costs have been incurred in defending this appeal. No application for costs was made on behalf of the applicant. In those rather unusual circumstances, I do not think it appropriate for there to be any additional award of costs to those already ordered by the Hearing Officer and I make no order for costs of this appeal.

DANIEL ALEXANDER QC

APPOINTED PERSON

28 February 2017

Representation

Mr Jonathan Moss instructed by Humphreys & Co appeared for the Registered Proprietor/Appellant.

The respondent did not appear and was not represented but short written submissions were presented by Mr David Kemp on behalf of the applicant/respondent.