

O-165-08

**TRADE MARKS ACT 1994**

**IN THE MATTER OF a joint hearing  
held in relation to registration number 2389890**



**in the name of Commercial Power Solutions Limited  
and the application to intervene, by Turbochip (UK) Limited,  
in the application for rectification thereof,  
under number 82640, by Specialist Autosport Services Limited**

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### **Background**

1. Trade mark number 2389890  was applied for on 20 April 2005 and the registration process was completed on 9 June 2006. It stands registered in the name of Commercial Power Solutions Limited, which I shall refer to as CPS.
2. On 25 September 2006, an application to rectify the register under Section 64(1) of the Trade Marks Act 1994 in respect of the proprietorship of the registration was filed on Form TM26(R) by Specialist Autosport Services Limited, which I shall refer to as SAS. In summary, the statement of reasons given for the application was:
  - i) at the time the application for a trade mark registration was filed, CPS was the exclusive UK licensee of the mark, the licence having been granted by a Danish company called Turbochip A/S, and the application for the trade mark was made with the Danish company's approval;
  - ii) CPS's right to use the mark in the UK was ended by the Danish company on 24 April 2006 (ie. before the mark became registered);
  - iii) on this date, SAS was appointed by the Danish company and it is SAS that has acted as the exclusive UK licensee since that date;
  - iv) therefore, the registered proprietor, CPS, had no right to use the mark at the date of registration, hence the application to rectify the register to put the registration in the name of SAS.
3. On 12 October 2007, a Form TM16 was filed by CPS to assign the registration to Turbochip (UK) Limited. Since rectification proceedings concerning the proprietorship of the registration were ongoing, the Trade Mark Registry advised the parties that no action would be taken regarding the proposed assignment until the rectification proceedings had been resolved.
4. Mr John Gray, acting for Turbochip (UK) Limited, which I shall refer to as Turbochip, subsequently filed a Form TM27 on 9 November 2007, applying to intervene in the rectification proceedings. Attached to the Form TM27 was a witness

statement dated 31 October 2007 from Mr Thomas Gray, which included the following statement:

“My brother John met with Mr Chris John [CPS] and as a result of evidence provided substantiating our rights over the Turbochip logo Mr John immediately agreed to assign the Turbochip UK Trade Mark to my company as the rightful owner. The necessary paperwork was completed and Form TM16 was submitted with the necessary fee on 1 October 2007.”

Thomas Gray states that he invented the name.

5. Following a preliminary view from the Trade Mark Registry that the application for intervention should be allowed, a hearing to dispute the preliminary view was requested by SAS. The hearing took place before me on 10 April 2008. CPS, represented by Mr Christopher John, a litigant-in-person, and Turbochip, represented by Mr John Gray, also a litigant-in-person, attended in Newport. SAS, represented by Mr Bob Elliot of Baines Wilson as its professional representative, attended by telephone. Following the hearing, I issued a letter to the parties confirming my decision, dated 14 April 2008. The letter said:

“Having carefully considered all the documentation and submissions before me, both oral and written, I have decided to reverse the registry’s preliminary view; that is to say, Mr Gray will not be permitted to intervene in the current proceedings. This is because Mr Gray is not, at present, the beneficial owner of the registration. The registration is an asset of CPS Limited, a company jointly owned and controlled by Nicholas Heyes and Christopher John. It is not therefore in either of their powers to assign unilaterally the ownership of the trade mark because it is an asset of CPS Limited. I have looked at the Form TM16 filed on 12 October 2007; there are no attachments to it and no written record of an assignment between Mr Gray or his company and CPS Limited. The Form TM16 is the recordal of such an assignment having taken place, of which there must be written record. However, even if written record of a transaction purporting to be an assignment were disclosed, there can be no valid assignment without the consent of both directors of CPS Limited (who are both in deadlock). Since there has been no proper assignment, there would seem to be insufficient basis, therefore, to allow Mr Gray to become a party to the proceedings, with the liability for costs entailed and with the potential for these proceedings, which are at the conclusion of the evidence rounds, to become protracted.

The consequence of my decision (subject to any appeal of it) is that the case is now ready to be passed to the hearing officer responsible for determining the substantive issue of the rectification application.”

6. Turbochip subsequently filed a Form TM5 seeking a statement of reasons for my decision. This I now give.

## The Hearing

7. Mr Elliot, for SAS, filed a skeleton argument (the other two parties were not required to since they were unrepresented). Mr Gray's (Turbochip), opening submissions were based upon his brother's (Thomas Gray) witness statement which accompanied the Form TM27. In summary:

- In 1999, Thomas Gray and his Danish brother-in-law, Mr Jensen, invented the name TURBOCHIP, over drinks, for their engine power upgrade business which was then used by a Danish friend, Mr Borg, with a business in Denmark repairing and maintaining electrical motors and components;
- The TURBOCHIP mark has never been registered in Denmark;
- Messrs Gray trade in the UK and Eire using the mark;
- During 2002, Messrs Gray discovered that Chris John (CPS) and Nick Heyes (SAS), then both of CPS, had spoken to Mr Borg about selling truck software in the UK; the Grays sought legal advice and were reassured that TURBOCHIP would not be a name which Messrs John and Heyes would use in trade;
- The Grays later discovered that CPS were actually trading using the mark and that the mark had been registered in the UK;
- John Gray met with Chris John who immediately agreed to assign the mark to Turbochip.

8. Mr Elliot, for SAS, said that he was at a loss to understand the basis of the intervention application and that the mark was in use in Denmark by Mr Borg's company before Mr Thomas Gray and Mr Jensen thought of the name. He submitted that Mr John had persuaded the Grays to get involved to support his case, and he would then assign the mark to them in return. Mr Elliot said that if the Grays had genuine rights to the mark, that there were other more appropriate remedies available before the courts or the registrar, e.g. invalidation on the grounds of bad faith. He emphasised that the intervention application had come at a very late stage in the rectification proceedings, when the case had completed the evidence rounds and was ready for a substantive decision. If the intervention were to be allowed, it would protract proceedings since further evidence (and evidence in reply) would be likely.

9. Mr John, for CPS, supporting Mr Gray's intervention application, said that the close family and personal ties had complicated matters; Mr Borg is Mr Jensen's brother-in-law and Mr Jensen is Mr Thomas Gray's brother-in-law. It was Mr John's opinion that there was a level of embarrassment on the part of Mr Borg. I asked Mr John about the assignment since Mr Heyes (of SAS) and Mr John (CPS) are both co-directors/shareholders of CPS, both having 50% control of CPS. Mr John said that Mr Heyes had ridden roughshod over other legal issues and he therefore felt it was within his rights to assign the mark. Mr John further stated that the idea behind the assignment was that CPS would assign the mark to Turbochip who would then assign

it to SAS. Mr Elliot said that this was the first time any such proposal had been made. He submitted that the assignment was invalid since Messrs John and Heyes are in financial deadlock over the fate of CPS.

10. Mr Gray said that Turbochip wished to become a separate party to the proceedings and would not be joining with CPS; he understood that if the intervention were to be allowed, Turbochip would become liable for costs.

## **Decision**

11. Rule 35 states:

“35. – (1) Any person, other than the registered proprietor, claiming to have an interest in proceedings on an application under rule 31, rule 32, rule 33 or rule 34 may file an application to the registrar on Form TM27 for leave to intervene, stating the nature of his interest and the registrar may, after hearing the parties concerned if so required, refuse such leave or grant leave upon terms and conditions (including any undertaking as to costs) as she thinks fit.

(2) Any person granted leave to intervene (the intervener) shall, subject to any terms and conditions imposed in respect of the intervention, be treated as a party to the proceedings for the purposes of the application of the provisions of rules 31 to 31B, rules 32 to 32B, rules 33 to 33B or rule 34 (as appropriate).”

It is clear that rule 35(1) gives the registrar a general discretion to permit intervention in revocation, invalidation and rectification proceedings in the registry.

12. The hearing before me was to determine whether or not Turbochip should be granted leave to intervene in the rectification proceedings. A request to intervene can be made at any stage; in this case, the evidence rounds were complete. As such, I had the benefit of seeing all the evidence filed by SAS and CPS, together with the later correspondence involving Messrs Gray. In preparing for the hearing, it was clear to me that there has been a serious falling-out between Mr Heyes and Mr John, which took place after the application for the trade mark was filed. Matters which were already complex were further complicated by the Grays’/Turbochip’s recent involvement. At the hearing, I emphasised to the parties that my role was to determine whether an intervention should be allowed and whilst I appreciated that to some extent this matter was bound up with the substantive issue of the rectification, that I could not base my decision upon who was entitled to the registration since that would be to determine the substantive outcome of the rectification. I therefore endeavoured to keep the issue before me separate, although I permitted Mr John and Mr Gray, both unrepresented, to lay the background facts of the dispute before me.

13. It was submitted at the hearing and it was also clear from the evidence that Mr Heyes and Mr John are in deadlock over the fate of CPS. Both are co-directors and the only shareholders in the company: they each own and control 50% of the company and its assets. Mr Heyes has since formed SAS, whilst Mr John is acting for CPS (I note that the rectification application was filed on 25 September 2006 and that Mr John filed a Form TM33 at the registry on 3 October 2006 to be recorded as the address for service for the registration). A 50% share or control means that its owner

cannot assign, dispose of or alter any of the company's assets without the other's consent (see the decision of the registrar in BL O/121/06 *ATOTA*, upheld on appeal to the Appointed Person). Mr Heyes has not consented to the assignment to Turbochip and I therefore cannot see that the assignment has any validity (it is also not supported by any documentation).

14. Since I have decided that both the Form TM16 and the purported assignment were filed/made without validity, the trade mark registration is still in the ownership of CPS, as if no such agreement had ever been made. Turbochip cannot be the beneficial owner of the trade mark registration; that is, this is not a situation where the trade mark is still owned by CPS, but there is a valid agreement that it can pass to the ownership of Turbochip. If Turbochip is not the beneficial owner, it does not presently have a stake in the proceedings sufficient to warrant my granting leave to intervene. I appreciate that this might seem strange to the Grays. There are also potentially more people than the Grays who may be interested in the 'invention' of this trade mark and consequently who owns the registration; for example, Mr Jensen and/or Mr Borg. Permission to intervene is commonly granted in situations where a party which began proceedings assigns the mark to a third party, which then has the right to file evidence, plays a full part in any hearing and which is liable for costs. There is no beneficial owner here and if I were to determine whether or not the Grays were sufficiently interested to intervene, I would have to do so on the basis of hearsay evidence of conversations in public houses. That is not something which I am prepared to do, and it would also mean crossing over into the substantive issues of the case. I took the view that what I had to decide was relatively straightforward: was Turbochip an assignee with a beneficial ownership? If it was, then intervention could be contemplated. If not (as I decided), there could be no proper basis for intervention.

15. This is not an application for invalidation on the basis of bad faith, or passing off rights: it is an application for rectification of the register which has been through the evidence rounds and is now ready for a decision on the substantive rectification issue. Adding another party at this late stage in the proceedings would mean the probability of further evidence and all that goes with it in terms of procedural timescales. If intervention had been appropriate, the lateness of the request would not have deterred me from granting leave. Even so, whether SAS or CPS may in the end have succeeded, intervention may still not have given the Grays the end result they sought. However, I did not need to consider the end result of any intervention since I decided that there was no basis for it; the assignment had no validity and therefore Turbochip was not the beneficial owner of the trade mark and could have no interest in it for the purposes of operating rule 35(1). I made no costs award.

**Dated this 16<sup>th</sup> day of June 2008**

**Judi Pike  
For the Registrar,  
The Comptroller-General**