

O-222-21

**TRADE MARKS ACT 1994**

**DECISION IN THE CONSOLIDATED PROCEEDINGS:**

(1) **OPPOSITION NO: 416361 BY JOHN CHARLES DE MALLORCA LEE  
AGAINST AN APPLICATION (NO. 3381088) BY PETER COUGHLAN  
TO REGISTER “**ULTRA-SONIC**”  
AS A UK TRADE MARK IN CLASS 41**

**AND**

(2) **OPPOSITION NO. 416761 BY PETER COUGHLAN  
AGAINST APPLICATION NO. 3384172 BY JOHN CHARLES DE MALLORCA LEE  
TO REGISTER “**Ultra-Sonic / Ultrasonic**”  
AS A SERIES OF 2 UK TRADE MARKS IN CLASSES 25 & 41**

**AND**

(3) **OPPOSITION NO. 417236 BY PETER COUGHLAN  
AGAINST APPLICATION NO. 3384241 BY JOHN CHARLES DE MALLORCA LEE  
TO REGISTER AS A UK TRADE MARK IN CLASSES 25, 38 & 41:**



## BACKGROUND AND PLEADINGS

1. As detailed below, these proceedings concern the respective parties' applications, made less than a fortnight apart, for the trade marks set out on the cover of this decision. The parties are Peter Coughlan ("**Mr Coughlan**") and John Charles de Mallorca Lee ("**Mr Lee**"), who feature both as applicant and opponent; the three sets of proceedings have been consolidated.<sup>1</sup> Both parties have variously performed as part of a musical act ("**the band**") by reference to the name ULTRA-SONIC (or without the hyphen, or its logo abbreviation). As both parties acknowledged, one of the central determinative issues in these proceedings is the ownership of any goodwill and consequent rights in the name and brand of the relevant musical act.

### Mr Coughlan's Application (No. 3381088)

Filed on **6 March 2019** for the word mark:

## ULTRA-SONIC

Published for opposition purposes on 5 April 2019 for the following services:

**Class 41:** *Entertainment services, namely the provision of live and recorded musical entertainment as a performing and/or recording artist, a group of performing and/or recording artists, or a DJ.*

### Mr Lee's Applications (Nos. 3384172 and 3384241)

The following **word** and **logo** marks, both filed on **18 March 2019**:

The **word mark** (series of 2): **Ultra-Sonic / Ultrasonic**

Published for opposition purposes on 29 March 2019 for goods and services as follows:

**Class 25:** *T-shirts; hooded sweatshirts; zip sweatshirts; jackets; beanie hats; baseball hats; ski hats, sock hats; roll-up hats; sweat bands and jogging trousers*

<sup>1</sup> Opposition No: 416361 serving as the lead file in the consolidated cases

**Class 41:** *Entertainment services; namely the provision of live and recorded musical entertainment and film as a performing and/or recording artist; a group of performing and/or recording artists; or a DJ; and production thereof; shows; television broadcasts, video and audio broadcasts and recordings; entertainment services relating to radio and television; concerts and events*

**“The US logo mark”:**



Published for opposition purposes on 10 May 2019 for the same **Class 25 goods** and (almost) the same **Class 41 services** as for the word (series) mark,<sup>2</sup> and additionally for the following services:

**Class 38:** *Television broadcasts, video and audio broadcasts*

2. These consolidated proceedings feature unusually long statements of grounds and counterstatements, which include detailed narratives of various musical incarnations, references to evidence filed with the notices of opposition and defence, and to case law and legal submissions around goodwill and partnership law, particularly as it relates to partnerships in Scotland. What I set out below is a briefer indication of the parties’ grounds and defences; many of the substantive claims will be aired more fully in the course of this decision.

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<sup>2</sup> The differences in the specification of Class 41 services under the logo mark are simply that the words “disc jockey” replaced “DJ”, and “entertainment events” replaces the final word “events”.

## Opposition against Mr Coughlan's application

3. Mr Lee opposes Mr Coughlan's (earlier) application to register ULTRA-SONIC as a trade mark. Mr Lee bases his opposition on **sections 5(4)(a)** and **3(6)** of the Trade Marks Act 1994 ("**the Act**").

### *Mr Lee's claim under section 5(4)(a) of the Act (passing off)*

4. Mr Lee claims that, assessed at the relevant date(s) - notably 6 March 2019, as the date on which Mr Coughlan filed his contested trade mark application - use in the United Kingdom of the trade mark applied for by Mr Coughlan was liable to be prevented by virtue of the common law of passing off protecting Mr Lee's unregistered trade marks / signs ("ultra-sonic / ultrasonic"), and as such its registration would be contrary to section 5(4)(a) of the Act. Mr Lee states that the earlier sign(s) relied on was first used in the UK in 1991, generating goodwill in respect of the goods and services below.

#### *Goodwill claimed by Mr Lee:*

- (i) Services: *entertainment services, music concerts, music performances, live music performances, music recording services, live band performance services, music publishing*
  - (ii) Goods: Mr. Lee enumerates various recordings released and sold in the UK and worldwide from 1992 to the present day, including: more than twenty 12-inch records (in various formats); 3 studio albums and various compilation/best of/remix albums; 2 feature-length tour films (VHS), 1 full-length live concert film (DVD); featured on soundtrack of cinema-released film (May 2019). He also specifies band merchandise, including posters and various items of clothing, hats etc.
5. Mr Lee claims that passing off would arise from the use of the contested mark for all or any of the services applied for by Mr Coughlan. Mr Lee's stated grounds make the following claims:
    - (i) Mr. Lee and his musical partner (Rodger Hughes – "**Mr Hughes**") set up the pop group Ultra-Sonic in 1991. The band enjoyed success recording and performing live across

the UK and elsewhere. In 2000 Mr. Lee and Mr. Hughes stopped working together, but both continued to perform under the name Ultra-Sonic separately.

- (ii) Mr. Hughes later returned to his full-time job as a school teacher; Mr Lee “*continued full-time to use the name to the present date, which still has a very strong reputation in the UK and other parts of the world.*” Mr Lee has been “*the full-time public face, and voice of Ultra-Sonic since 1991.*” Use of the mark “*would be a misrepresentation, which would cause damage to [Mr Lee’s] future income and revenue from tours, recordings, videos and merchandise sales by misleading the general public into thinking that the products and services offered by “Peter Coughlan trading as Ultra-Sonic” are associated with [Mr. Lee] personally.*”

**Mr Lee’s claim under section 3(6) of the Act (bad faith)**

- 6. Mr Lee’s claim under section 3(6) is that Mr Coughlan acted in bad faith by applying to register the contested trade mark. Mr Lee’s stated grounds make the following claims:
  - (i) Mr. Lee and Mr Hughes set up Ultra-Sonic in 1991, becoming full-time musicians in 1994. Mr Coughlan was hired as a session guitarist and then backing vocalist from around 1996 – 1997. Mr Coughlan played only a selection of UK gigs (not the rest of the world) until the band changed its live show and the assistance of Mr Coughlan was no longer required.
  - (ii) Before Mr Hughes returned to teaching, he and Mr Coughlan worked together for “a few years” from 2001, when both Mr. Hughes and Mr. Lee performed as Ultra-Sonic separately.
  - (iii) In 2018 Mr Lee was made aware that Mr Coughlan was advertising himself as Ultra-Sonic. When Mr Lee contacted him about it, Mr Coughlan asked “*Mallorca, can I do this? If any of you says no, then I won’t do it.*” Mr Lee reluctantly agreed, since the request was in relation to a small charity event of importance to Mr Coughlan. Mr Coughlan added that to do the gig would enable him to “*nail the box shut forever.*”
  - (iv) Mr Coughlan has since continued to use the name Ultra-Sonic and has filed for a trade mark to take further advantage of the name and the hard work of Mr Lee.

(v) Mr Lee refers to his ongoing use of the name Ultra-Sonic, including in re-releases of live performances and in the soundtrack for the motion picture “Beats”, which was released commercially in cinemas around the world in May 2019.

7. It is perhaps worth noting at this point that while Mr Hughes has provided witness evidence both for Mr Lee and for Mr Coughlan, Mr Hughes is not a party to either side’s opposition proceedings and has sought to maintain a neutral position.

### ***Mr Coughlan’s defence***

8. Mr Coughlan filed a Form TM8 notice of defence, including a long counterstatement denying Mr Lee’s claims against him. Mr Coughlan argued that he has earlier rights in the mark he has applied for, and made submissions including by reference to case law and to evidence filed with the Form TM8, comprising a witness statement from Mr Coughlan (dated 7 August 2019) and its exhibits PC1-PC18. Mr Coughlan’s claimed defence position includes the following points:

- (i) That the band was formed informally in 1991 as a partnership at will between, “inter alia” Mr Lee and Mr Hughes. Mr Coughlan refers to this as “**US Version 1**”;
- (ii) That Mr Coughlan joined as a full-time member in 1995, thereby dissolving US Version 1 and bringing into being a new partnership entity, which Mr Coughlan refers to as “**US Version 2**”, which assumed all rights in the contested mark;
- (iii) That the US Version 2 partnership continued until 1998, between Mr Coughlan, Mr Hughes and Mr Lee (para 13 of Mr Coughlan’s counterstatement);
- (iv) That up to 1998, the band used not only the name Ultra-Sonic/ultrasonic, but also the US logo mark in respect of services directly equivalent to those that Mr Lee has applied for, and for related merchandise such as t-shirts, hats, clothing and posters;
- (v) That during this period the band “*provided DJ, live entertainment and musical services under the [contested] marks, releasing 14 singles, 4 studio albums, 1 live album and full length tour videos. Their albums sold over 50,000 copies in the UK alone and around 400,000 units in combined singles and albums*” (para 13 of Mr Coughlan’s counterstatement);

- (vi) That since joining the band, Mr Coughlan has been associated with the signs “Ultra-Sonic / Ultrasonic”, in particular since Mr Lee left the band in 1998 and Mr Coughlan became lead vocalist;
- (vii) Mr Lee pursued a new musical direction and joined another band “Public Domain”;
- (viii) It was agreed with the band’s manager, Bill Grainger (“**Mr Grainger**”) of Clubscene Records that Mr Lee would leave US Version 2 “*without any further title, rights or claim, financial or otherwise*”, in the band or assets held on its behalf (paragraph 17 of Mr Coughlan’s counterstatement);
- (ix) that since Mr Lee left Public Domain around 2002, he has operated as a DJ under the sign “DJ MC Mallorca Lee”, and “*has not produced, performed or offered any of the goods or services*” under the contested marks since 1998. Rather, any references by Mr Lee to the band or its name “*appears only to have been to promote or advertise the works of [US Version 3], the purpose of which is to ride on the coat tails of his former association with the [band] and benefit from the goodwill surrounding the [band].*” (paragraph 31 of Mr Coughlan’s counterstatement);
- (x) Mr Coughlan has generated substantial turnover operating under mark applied-for; (paragraph 33 of Mr Coughlan’s counterstatement);
- (xi) Even if Mr Lee were to establish goodwill, it is denied that use by Mr Coughlan would result in a misrepresentation that is likely to take unfair advantage or damage to Mr Lee (paragraph 31 of Mr Coughlan’s counterstatement);
- (xii) It is denied that Mr Lee has any rights to the back catalogue of the musical and creative works of the band as copyright is vested in the band’s management company Clubscene Records (paragraph 36 of Mr Coughlan’s counterstatement);
- (xiii) Mr Coughlan strongly denies the bad faith allegation, arguing that he holds the beneficial interest in the goodwill in the marks applied for by virtue of his membership of US Version 2 and US Version 3. Mr Coughlan maintains that he has made bona fide use in the UK of the marks in relation to the services applied for and that he has the permission of his partner in US Version 3 (Mr. Hughes) to use and seek registration of the contested trade marks.

## Opposition against Mr Lee's applications

### *Attack against Mr Lee's word mark(s)*

9. Mr Coughlan opposes both of Mr Lee's applications. As the basis for his opposition against Mr Lee's word mark application (series of two), Mr Coughlan invokes grounds under **sections 5(1), 5(2)(a), 5(2)(b), 5(3), 5(4)(a) and 3(6)** of the Act. Each of those grounds is directed against Mr Lee's word mark application in its entirety. Mr Coughlan sets out his statement of grounds at some length, across around 16 continuation sheets. The content of his opposition case has much in common with his position in defence of the opposition against his own application; I will not repeat such points in detail, but will here reference other relevant particulars of Mr Coughlan's grounds of attack.
10. For the grounds under **sections 5(1), 5(2)(a) and 5(2)(b)** Mr Coughlan relies on his earlier filed trade mark application as outlined above. Mr Coughlan's statement of grounds includes submissions as to the nature of the average consumer, the identity/similarity of the signs, the identity/similarity of the goods and services, and the distinctiveness of his earlier mark, which he says is highly distinctive, and which has been heightened in distinctiveness through use. The statement of grounds repeats Mr Coughlan's account of joining the band in 1995.
11. For the grounds under **section 5(3)** Mr Coughlan claims similarity/identity between the parties' word signs and that his earlier filed trade mark has a reputation, such that use of the mark applied for by Mr Lee without due cause, in respect of any or all of the goods or services in the application, would take unfair advantage of, or be detrimental to, the distinctive character or reputation of Mr Coughlan's earlier reputed mark.
12. Mr Coughlan's statement of grounds states that he "relies upon all the goods" under his earlier reputed trade mark;<sup>3</sup> however, since no goods are in fact specified at all under Mr Coughlan's application, I take that reference merely as an error. The same paragraph invokes the services applied for in Class 41, and it is those services that I take as the basis for the section 5(3) claim.

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3 The reference is at the fifth page of the continuation sheets – marked "Continuation Sheet 2" – Section B, Q3 paragraph 1.  
Page 8 of 34

13. The statement of grounds under section 5(3) includes various references to goodwill and earlier unregistered rights under the sign, but those as such are not an apt basis for this ground - rather for a section 5(4)(a) ground. Nonetheless, it appears that the reputation claimed for Mr Coughlan's earlier trade mark application is based on the use by the band across the three incarnations he puts forward. Paragraph 3 of the Statement of Grounds itemises the output of US Version 2 (1995 – 1998, as per paragraph 8 (v) above). At paragraph 4, Mr Coughlan states that US Version 3 remained active until 1998, then following a hiatus, became active again between 2002 and 2010. During this time US Version 3 performed regularly under the marks, released one studio album "Annihilating Rhythms" in 2005 and the singles including "Angels" and "Where has all the love gone", selling "thousands of copies in the UK and worldwide in combined singles and albums" (paragraph four of his statement of grounds).
14. Mr Coughlan states that he has invested significantly in the earlier mark throughout Scotland, UK and globally and due to such investment and use the mark is intimately associated with Mr Coughlan as partner of the last remaining version of the band (US Version 3). Mr Coughlan states that "*the reputation can be evidenced by the number of monthly listeners on Spotify (13,291)*", including "*listeners across Scotland London and Dublin*".
15. As to the heads of damage under section 5(3), Mr Coughlan states, amongst other things, that Mr Lee will be free-riding on the reputation of US Version 3 without compensation for the marketing effort and that Mr Lee's use of the applied-for marks would diminish the ability of the earlier mark to act as a badge of origin for the band, guaranteeing the standard and genre of DJ entertainment offered. Competing uses of the key distinctive elements in the marketplace would impair the ability Mr Coughlan's earlier mark to communicate its "brand message".
16. The grounds under **section 5(4)(a)** are based on Mr Coughlan's claim that he holds a beneficial interest in the goodwill of the earlier (unregistered) word and logo marks by virtue of his membership of US Version 3 and that he acts with the consent of Rodger Hughes. He argues that Mr Lee's beneficial interest in the mark was implicitly deserted once US

version 2 dissolved, and that until recently Mr. Lee made no objection to US Version 3 subsequently offering the services.

17. Mr Coughlan claims under **section 3(6)** that Mr Lee's application was made in bad faith. The pleading of bad faith includes the following points:

- (i) That Mr. Lee filed his trade mark application on 18 March 2019 in direct response to a letter from Mr Coughlan's representatives dated 25 February 2019, regarding Mr Lee's interference with Mr Coughlan's use of the mark(s) in relation to the services, by, inter alia, (i) making false statements regarding Mr Coughlan's involvement in the band (ii) contacting event promoters/third parties to claim that Mr Coughlan holds no rights in the marks and (iii) making unauthorised use of the contested marks;
- (ii) That by the time Mr. Lee filed for his trade marks (on 18 March 2019), he knew about Mr Coughlan's earlier application (filed on 6 March 2019);
- (iii) That letters from Mr Coughlan's representatives dated 24 April and 24 May 2019 informed Mr Lee of Mr Coughlan's claimed grounds (such as his reliance on goodwill from US Version 3), and that Mr Lee has not attempted to avoid the costs of formal proceedings;<sup>4</sup>
- (iv) That since Mr Lee's application includes identical terms in Class 41 to those specified by Mr Coughlan, he must have copied verbatim and with the intention only to frustrate or inhibit the commercial activities of Mr Coughlan or interfere with his legal right to use the brand.

### ***Attack against Mr Lee's application for the logo mark***

18. For his opposition against the logo mark Mr Coughlan invokes only sections 5(4)(a) and 3(6) of the Act, where his pleaded claims are similar to those outlined above.

### **Representation and papers filed**

19. Murgitroyd has provided legal representation for Mr Lee; Harper Macleod LLP act for Mr Coughlan. During the evidence rounds both sides filed extensive evidence and submissions as indicated below:

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4 Reference is made to Harrison v Teton Valley Trading Co [2004] EWCA Civ 2375.

- Evidence in chief - **First Witness Statement of Peter Coughlan** - 7 August 2019 - with **Exhibits PC1 - PC18**
- Evidence in chief - **First Witness statement of John Charles De Mallorca Lee** - 23 December 2019 - with **Exhibits LEE01-LEE91**
- Reply Evidence - Written **submissions** dated 29 July 2020 on behalf of **Peter Coughlan**
- **(2<sup>nd</sup>) First Witness Statement of Peter Coughlan** – dated 27 June 2019 filed with the TM7 - with **Exhibits PC17 - PC18**
- **3rd Witness Statement of Peter Coughlan** - 16 April 2020 - with **Exhibits PC19-PC35**
- **Witness statement of Rodger Hughes** - 22 April 2020 with **Exhibit RH1**
- Reply Evidence - **Second witness statement of John Charles De Mallorca Lee** - 31 August 2020 with **Exhibits LEE201 - LEE235**
- Further evidence<sup>5</sup> - **Fourth witness statement of Peter Coughlan** - 30 September 2020 with **Exhibits PC36 - PC40**

20. In lieu of an oral hearing both sides filed written submissions. I will refer to the parties' claims, submissions and evidence as appropriate. I make this decision having carefully read all of the papers filed, and in line with principles from applicable jurisprudence.

### **MY APPROACH IN THIS DECISION**

21. Some of the opposition grounds invoked against Mr Lee's application – those under sections 5(1), 5(2) and 5(3) – are capable of succeeding only to the extent that the earlier-filed trade mark application relied on by Mr Coughlan may be validly registered. A sensible first step is therefore to determine Mr Lee's claims against the registrability of Mr Coughlan's earlier trade mark application.

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<sup>5</sup> (This further round of evidence afforded to Mr Coughlan was an accommodation in view of Mr Lee's having secured additional time to file his evidence in reply, thereby having had sight of the reply evidence filed by Mr Coughlan.)

22. I will deal firstly with Mr Lee's allegation under section 5(4)(a) that Mr Lee was entitled to rely on actionable goodwill in the contested sign, such that Mr Coughlan should be denied the exclusive protection afforded by a trade mark registration in respect of the services applied for. I'll deal with Mr Lee's bad faith allegation subsequently.

## **DECISION**

### **Mr Lee's section 5(4)(a) claim against Mr Coughlan's earlier application**

23. Section 5(4)(a) of the Act provides that: "... a trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented 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."
24. Section 5(4) also states that "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'."

#### *Requirements for passing off:*

25. The criteria for a passing off claim have been well established through case law in the United Kingdom. As set out in the decision by the House of Lords in *Reckitt & Colman Ltd v Borden Inc*<sup>6</sup>, the following three points must be established in order to claim passing off successfully:
- (a) First, the plaintiff must establish a **goodwill** or reputation attached to the goods or services which it supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which its particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.

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6 [1990] 1 All E.R. 873

- (b) Second, the plaintiff must demonstrate a **misrepresentation** by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are the goods or services of the plaintiff.
- (c) Third, the plaintiff must demonstrate that it suffers or that it is likely to suffer **damage** by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

*The relevant date to establish passing off*

26. The risk of the registration of an applied-for mark being prevented by the law of passing off must be judged at a particular point in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar's assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In *SWORDERS TM* O-212-06 Mr Allan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

27. The **relevant date** is therefore **6 March 2019**, when Mr Coughlan filed his trade mark application, but I will also need to consider whether Mr Coughlan's use of the mark was legitimate when he first started using it, and the potential for co-existence to be permitted in accordance with equitable principles.<sup>7</sup>

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<sup>7</sup> Geoffrey Hobbs QC, in appeal case *Croom's TM* [2005] RPC 2 at [46], cited at para 41 of *Advanced Perimeter Systems*  
Page 13 of 34

### *Goodwill*

28. The first element described in *Reckitt & Colman* refers to “goodwill or reputation”, although case law has developed so as to distinguish between goodwill and “mere reputation” – the latter being insufficient alone to sustain a claim of passing off. To satisfy the first element of the tort, Mr Lee is required to show that at the relevant date he had an earlier right based on goodwill among UK consumers. Goodwill has been described in case law as “ the benefit and advantage of the good name; reputation and connection of a business. It is the attractive force which brings in custom.”<sup>8</sup>
29. Central questions and matters bearing on the present decision include:
- (i) The level of goodwill generated under the sign by the band operating 1991 – 1998;
  - (ii) Who had rights in that goodwill;
  - (iii) Whether Mr Lee abandoned any rights;
  - (iv) Whether any goodwill devolved to others and/or whether Mr Coughlan/Mr Hughes generated their own independent goodwill between 2002/2011;
  - (v) Whether relevant goodwill had dissipated so as not to be actionable at the relevant date.

### *Goodwill 1991 - 1998*

30. As to the first of the matters in the above paragraph, both sides put forward evidence with a view to establishing the extent to which goodwill was generated under the sign by the band operating 1991 – 1998. For example, Mr Coughlan describes the band Ultra-Sonic in his first witness statement as “*a well-known Scottish electronic rave / dance music act*”, and, as cited at my paragraph 8(v) above, he refers in his counterstatement to the output of the band in terms of singles and albums (400,000 units combined), plus tour videos and live entertainment. Mr Coughlan cites numerous accolades garnered by the band including “*Best New Band*” in the 1992 Scottish Dance Music Awards, and other “*Best Scottish Dance Band*” and “*Best Band*” awards in 1993. Mr Coughlan also highlights that the band’s single “*Annihilating Rhythm*” won “*Best Single*” in 1993.

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<sup>8</sup> Lord Macnaghten in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217

31. Mr Lee in his first witness statement provides a more detailed account of sales achieved from the output (videos, singles and albums) from 1992 – 1998. I note for example that the band's debut album "*Tekno Junkies '92 – '94*" was released on LP, CD and cassette, selling around 50,000 copies in the UK and reaching UK chart position number 89. The album was also licensed in Japan, Germany and Australia. In November 1995 the band released its second album "*Global Tekno*", reaching number 58 in the UK charts, again selling around 50,000 copies in the UK and licensed overseas. The band's ninth 12-inch record "Do you believe in love?" released in September 1996 sold 20,000 copies in the UK and reached chart position 47. I find that goodwill existed under the sign in 1998.

*Ownership of the goodwill*

32. The second question asks who had rights in that goodwill. It is not disputed that from 1991 – 1995, Mr Coughlan did not feature in the band at all. The band was started by Mr Lee and Mr Hughes; they produced and performed their output, both playing keyboards and Mr Lee providing the vocals. Mr Lee and Mr Hughes share the writing credits for all musical releases up 1991 – 1998, as is confirmed by the images of CDs and inserts across various exhibits. Mr Lee states that he and Mr Hughes were the core of the act, but identifies various other individuals (friends of Lee and Hughes) who accompanied in performances and tours in supporting roles, including Heather Finnie and Julie Lepic as guest vocalists. The band's second full-length tour video, released in December 1995 (which is stated to have sold around 30,000 copies in the UK) features Jimmy McNeill on guitar, Ian Macalraith on drums and Sharon Unger as dancer / singer. It may be that Mr Coughlan had in mind such participants where, in his counterstatement (as I noted at my paragraph 8(i) above) he describes US Version 1 as a partnership at will "*inter alia*" between Mr Lee and Mr Hughes.

33. As to the status of the band, Mr Coughlan consistently characterises it as a partnership, and his statements of grounds/counterstatement makes various submissions as to the "default arrangement" being a partnership at will. Likewise, Mr Lee too appears to consider it as such; for example, **Exhibit LEE 76** is a copy of instructions to counsel, dated 11 June 2004, regarding a dispute between Mr Hughes/Mr Lee and their former management, Mr Grainger / Clubscene Record, and at page 116 it is stated on behalf of Mr Lee that "*Ultra-Sonic was a partnership*" between Mr Lee and Mr Hughes and "*the name a partnership asset*". I

therefore find that the band operated as a partnership and the name and goodwill were assets of the partnership. I next proceed to consider the membership of that partnership.

34. Mr Coughlan states at paragraph 7 of his first witness statement, that he joined the act as a guitarist in 1995 and "*later lead vocalist*". He states that he was engaged not as an employee but as a full-time member involved "*creation and performance of its works.*" He states that he was signed by Bill Grainger Management to Clubscene records label as part of the act – however, there is nothing in the evidence to show Mr Coughlan was signed during this 1990s period, and no explanation is given as to why this contractual evidence has not been filed.
35. In support of his claimed membership status, Mr Coughlan refers to digitally filed evidence at **Exhibit PC1**, which is a YouTube clip of an interview from 1996 that was broadcast on "*the biggest radio show in Scotland for dance music at the time*". The interview is with Mr. Hughes and Mr. Lee and the host asks "*What about the new member ... the rapper?*" to which Mr Lee replies "*Peter has joined the band to stop things getting stale he was our guitarist and now is our rapper. We're looking to develop the band ...*".
36. Mr Coughlan's position is that his involvement in the band, distinct from any of the other participants, brought to an end the partnership US Version 1, creating US Version 2 (comprising Mr Lee, Mr Hughes and Mr Coughlan – and no others), and that Mr Lee left the partnership in 1998, thereby leaving Mr Coughlan and Mr Hughes as US Version 3, taking on the goodwill of US Versions 1 and 2, and proceeding to generate further goodwill as US Version 3. However, I find that the weight of the evidence is very clearly against Mr Coughlan's contention that he was a partner in Ultra-Sonic at all between 1991 -1998. My conclusion on this important point is founded on multiple aspects of the evidence, including:
  - (i) Mr Lee provides specific details as to Mr Coughlan's involvement.<sup>9</sup> This includes identifying the first time Mr Coughlan joined the band on stage to play guitar for a certain song (seemingly only once or twice in 1995), then further guitar services at subsequent gigs, before being asked to stop performing guitar and instead to perform backing vocals for certain songs at selected gigs in Scotland and Ireland. Mr

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9 For instance at paragraphs 23 and 33 of Mr Lee's first witness statement and the further details at paragraphs 4 – 9 of Mr Lee's second witness statement.

Coughlan, in common with other stage performers, was paid a fee (around £50). Mr Lee exhibits contemporaneous diary entries indicating gigs at which Mr Coughlan would be playing. Mr Coughlan did not accompany the band on tour overseas. Mr Lee states that Mr Coughlan performed (and only briefly) at only one gig in 1998, which was in Scotland on 11 April 1998 and which was his last. As context, Mr Lee states that the band performed around 24 gigs in 1998 across the UK, Dublin and Hungary.

- (ii) **Exhibit LEE 90** is a series of answers signed and dated 1 December 2019 by Mr Hughes in response to various specific questions asked on the part of Mr Lee. In these short, clear responses, Mr Hughes confirms, amongst other things:
- (a) Mr Coughlan was not a partner in Ultra-Sonic;
  - (b) Mr Coughlan played only selected UK gigs, providing extra vocals on selected songs;
  - (d) none of the eight or more stage performers hired as part of the live performances was regarded as a partner in the band nor entitled to a share of the band name Ultra-Sonic;
  - (e) Mr Coughlan had no say in any decision-making process, music or management of any Ultra-Sonic business;
  - (f) Mr Coughlan had no involvement in the writing or recording of the 14 singles, 3 studio albums, 2 tour videos and one live album released by Ultra-Sonic between 1991 and 1998;
  - (g) Ultra-Sonic (Mr Lee and Mr Hughes) stopped booking Mr Coughlan for live performances in “1997 or 1998”.
- (iii) **Exhibit LEE 91** is a witness statement dated 8 November 2019 of Andrew Haldane, who provided recording services for the majority of Ultra-Sonic’s recorded output from 1992 – 1998. Mr Haldane confirms that the only other parties involved in those recordings were incidental session vocalist performers, and Mr Coughlan was not involved in those recordings.
- (iv) Mr Lee refers at paragraph 38 of his first witness statement to the decision to leave Clubscene records and management, which required subsequent audit and legal

action to provide an account of royalties due to Mr. Lee and Mr. Hughes; Mr Coughlan had no involvement in that pursuit.

- (v) Paragraph 14 of Mr. Lee's first witness statement states that he and Mr Hughes engaged the accountancy services of John Kerr and company to do their books from 1993 to 1999. They started a limited company to become VAT registered and Mr Lee and Mr Hughes were the sole directors. **Exhibit LEE 15** is a letter dated 12 November 2019 from that accountancy firm, provided to confirm (a) that they acted specifically for Ultrasonic when both Mr Lee and Mr Hughes were partners of that business and (b) that they never acted for Mr Coughlan as a partner of Ultrasonic nor have any knowledge that Mr Coughlan was involved with that business at any time while they prepared accounts and tax returns for the business.

37. In view of the above, the answer to the question at my paragraph 29(ii) above – who had rights in the goodwill of the band 1991 – 1998 – is that as the only two partners, both Mr Lee and Mr Hughes had an interest in the assets of the partnership. In line with the observations by Laddie J in the High Court appeal of the Saxon trade mark case,<sup>10</sup> that does not mean that they owned the assets themselves. Absent a special provision in a partnership agreement, the partners had an interest in the realised value of the partnership assets. On dissolution of the partnership, which is what happened when the partners stopped working together around 1999, each partner was entitled to ask for the partnership assets to be realised and divided between them in accordance with their respective partnership shares (50/50). But neither Mr Lee nor Mr Hughes "owned" the partnership assets.<sup>11</sup> And my finding is that Mr Coughlan had no interest or right in law to the name or goodwill of the band at that time.

*Did Mr Lee abandon his interest in the goodwill?*

38. I proceed next to consider the question identified in my paragraph 29 (iii) above - whether Mr Lee abandoned his rights. As set out above at paragraph 8(vi) and (viii) in my summary

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<sup>10</sup> *Byford v Oliver & Anor* England and Wales High Court (Chancery Division) [2003] EWHC 295 (Ch)

<sup>11</sup> It is in view of this point that I make the direction set out as part of the outcome to this decision.

of his counterstatement, Mr Coughlan's claims that Mr Lee left the band and agreed to forfeit all assets of the band. However, neither of those points is established on the evidence filed.

39. Firstly, it is not established that Mr Lee can be said to have "*left the band*". Mr Lee states at paragraph 11 of his second witness statement that he and Mr. Hughes performed their last gig as Ultra-Sonic 19 September 1998. After that there were no Ultra-Sonic gigs and Mr Lee and Mr Hughes were working, writing recording and rehearsing new music with their latest project "Bikini State" and that "it was common to have several projects on the go at one time given the ever-changing music landscape." In 1998 Mr Lee and Mr Hughes had also set up their own record label called USR - Ultrasonic Research, and opened a recording studio in Glasgow.<sup>12</sup> Mr Lee states that owing to the success of Ultra-Sonic, the new venture Bikini State Signed a major recording contract with BMG for 300,000 pounds; Ultrasonic was put on the back burner whilst Mr. Lee and Mr. Hughes looked at alternative music and recordings. The BMG contract fell through and Mr Lee and Mr Hughes ended their working relationship in May 2001; Mr Hughes returning to teaching, Mr. Lee continuing as a full-time musician in the Ultra-Sonic studio.<sup>13</sup>
40. Similarly, Mr Hughes denies that Mr Lee left the band. **Exhibit RH-1** is a further questionnaire response, this time at the behest of Mr Coughlan's representatives, and filed with an accompanying witness statement by Mr Hughes dated 22 April 2020. In response to the question "*Did Ultra-Sonic continue performing with Peter Coughlan after Mallorca Lee left the band?*" Mr Hughes replies: "*Mallorca didn't leave the band, we stopped to concentrate on Bikini State. Peter and I started performing as Ultra-Sonic in 2002.*"
41. Mr Coughlan filed no evidence capable of sustaining his other assertion that Mr Lee essentially agreed with Mr Grainger to forfeit all rights in the band he set up and in which he was a partner from 1991 – to at least 1998.
42. In the appeal case in respect of the trade mark rights for The Animals, Geoffrey Hobbs QC, sitting as the Appointed Person, found that none of the members of that band had abandoned his rights in circumstances where the evidence basically indicated that none of

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12 Mr Lee's Second witness statement paragraph 10 and Mr Lee's first witness statement from paragraph 40.

13 Mr Lee's Second witness statement paragraph 16.

them took exception to any one of the others of them participating in the operation of what Mr Hobbs called 'heritage' groups. Mr Hobbs also observed that "*whether their tolerance led to a devolution or dissipation of the UK goodwill and reputation which belonged to them collectively as members of THE ANIMALS in 1983 is a separate question.*"<sup>14</sup> By contrast, in the present case, there is evidence that Mr Lee was active in the protection of legal rights in the name of Ultra-Sonic. Such protective steps taken by Mr Lee make all the less sustainable the claims by Mr Coughlan (as summarised at my paragraph 16 above in relation to the statement of Mr Coughlan's section 5(4)(a) grounds) that Mr Lee's beneficial interest in the mark was "*implicitly deserted*" (when Mr Lee's Ultra-Sonic partnership with Mr Hughes ended).

43. The objections raised by Mr Lee against Mr Coughlan's use of the sign are explained in Mr Lee's second witness statement and supported with exhibits of the contemporaneous legal correspondence. Mr. Lee states at paragraph 20 that in July 2002 he learned that Mr. Hughes was trying to release new music under the name Ultra-Sonic and took legal action to stop him. **Exhibit LEE207** shows the relevant 'cease and desist' letters dated 10 July 2002 to Mr Hughes and to the record company Reign of Sound Limited. **Exhibit LEE208** shows correspondence dated 2 September 2002 from Mr Hughes's solicitor confirming that Mr Hughes agreed to use the name "*Deadbeatz, Ultra-Sonic's Rodger Hughes and Peter Coughlan*".
44. It was then discovered that, in breach of that agreed position, Mr. Hughes was using the name *XUS (Ultrasonic)*. Further correspondence ensued between the solicitors of Mr. Hughes and Mr. Lee and **Exhibit LEE210** shows that in October 2002 Mr. Hughes once again agreed to change the name - this time to *XUS (Xtreme Underground Sound)*.
45. The contention by Mr Coughlan (as summarised at my paragraph 16 above in relation to his section 5(4)(a) grounds) that until recently Mr. Lee "*made no objection to [Mr Hughes with Mr Coughlan] subsequently offering the services*" is therefore inaccurate in light of the above. Mr Lee states at paragraph 24 of his second witness statement that despite the commitments by Mr Hughes to the name changes, Mr. Hughes, without the knowledge of

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14 Decision O-369-13 at paragraph 9.

Mr Lee, started to use the name Ultra-Sonic for his version of the band (which included Mr Coughlan). I do note, however, that at paragraph 35 of his second witness statement Mr. Lee refers to **Exhibit LEE213**, which is further legal correspondence dated May 2003, which Mr Lee states relates to an agreement given by Mr Lee that both he and Mr Hughes may use the name Ultra-Sonic for live performances – the position for recordings is not clear.

46. I will shortly come on to dealing a little further with Mr Lee's own ongoing use of the sign from 1998 to present day – however, in light of the content of my paragraphs 38 – 45 above, I find that the evidence is clear that Mr Lee had not abandoned his beneficial rights or actionable goodwill in the sign by the time that Mr Hughes was performing as Ultra-Sonic with Mr Coughlan in 2002/2003. (I note that Mr Coughlan states at page 42 of **Exhibit PC19** that the first gig by the Mr Hughes / Mr Coughlan version of Ultra-Sonic was in January 2002 at the Bobby Jones nightclub in Ayr, selling out to an audience of 2000, and that the success of that gig led to the offer of 13 further gigs with Luminar Leisure).

*Did Mr Lee's interest in the goodwill devolve to others and/or did Mr Coughlan/Mr Hughes generated their own independent goodwill between 2002/2011?*

47. I proceed next to consider the questions identified in my paragraph 29 (iv) above - whether Mr Lee's beneficial interest in the goodwill under the sign somehow devolved to a later incarnation of band, and/or whether Mr Coughlan/Mr Hughes generated their own independent goodwill between 2002/2011
48. Mr Coughlan has filed evidence showing that he performed along with Mr Hughes in a band calling itself Ultra-Sonic. Mr Coughlan performed as the lead singer, co-wrote music and undertook logistical and administrative, as well as promotional arrangements. He and Mr Hughes "*never used the word partner ... but split everything 50/50*" (question 13 **Exhibit RH1**). Both Mr Hughes and Mr Coughlan were signed to Rumour Records for their release of an album in 2005 called "*Annihilating Rhythms*" (question 14 **Exhibit RH1**). They also released two singles. Mr Coughlan refers to sales of "thousands" of copies of those releases, but no more precise evidence is given. The band played live throughout the years that it operated – Mr Coughlan refers to "thousands" of gigs, a claimed figure that Mr Lee

disputes as implausible. Mr Coughlan provides a modest sample of promotional flyers, but no further evidence to substantiate the extent of the band's activity. There is no clear evidence against which to gauge the extent of the claimed "*substantial turnover*" referenced in Mr Coughlan's counterstatement (summarised at my paragraph 8(x) above), nor the stated substantial investment claimed by Mr Coughlan as part of his 5(3) grounds (referenced at my paragraph 14 above).

49. At question 20 of **Exhibit RH1** filed as part of Mr Coughlan's evidence, Mr. Hughes is asked, whether he would agree that between 2002 and 2012 the public recognised Mr Coughlan as the front man of Ultra-Sonic in the UK, to which Mr Hughes replied "*Yes and no - most people that Mr. Hughes met referred to Mr Coughlan but older fans of the band would mention Mr. Lee.*" This statement is not surprising in circumstances where Mr. Hughes is performing as Ultra-Sonic with Mr Coughlan. It also acknowledges the ongoing association of Mr Lee with the sign. In the same exhibit, Mr Hughes was asked whether Mr. Lee was aware of Mr Hughes's version of Ultra-Sonic with Mr Coughlan (question 6), to which Mr. Hughes replied "yes". However, there is no indication as to when Mr. Lee would have become aware of the activity of Mr Hughes/Mr Coughlan, or of its nature or extent
  
50. **Exhibit PC-23** is a witness statement of Gary McMillan ("**Mr McMillan**"), dated 5 March 2020. Mr McMillan states that he was the drummer in Ultra-Sonic 2004 - 2011 and was also its booking agent. He confirms Mr Coughlan's account that the band took a break from performing in autumn 2008 and resumed spring 2009 before the band stopped performing in 2011. He states that in 2011 Mr. Hughes consented that Mr McMillan and Mr Coughlan could continue to perform live as Ultra-Sonic, without Mr Hughes, but that in fact Mr McMillan and Mr Coughlan decided not to continue.
  
51. I also note that in 2004 Mr Hughes registered the sign "Ultra-Sonic" trade mark, a registration that subsequently lapsed without renewal. While Mr Lee did not oppose that application by Mr Hughes, there is no evidence to suggest that Mr Lee was at any relevant stage aware of that trade mark registration. Mr Coughlan states that he covered half of the cost of the trade mark application, but clearly Mr Coughlan was not its registered proprietor. I also note that

in response to question 9 in **Exhibit RH1**, Mr Hughes states that when he applied for the trade mark in 2004 he believed that both he and Mr. Lee owned the name.

52. The upshot of all of the above is that I see nothing in the evidence to establish that the goodwill belonging to the original partnership of Mr Lee and Mr Hughes, in which Mr Lee had a beneficial interest, devolved to the later band operated by Mr Coughlan and Mr Hughes. However, I also find it likely that the latter band generated its own independent goodwill under the contested sign. Mr Coughlan and Mr Hughes performed live together from 2002 – 2011 (with the 2008/09 hiatus); despite initial legal objections from Mr Lee and initial commitments to use a different name, they did so under the contested name (at least for much of that time). They also released one album and two singles. As to the level of goodwill generated by that partnership (Mr Coughlan/Hughes) it is difficult to assess accurately on the limited evidence filed to that end. There does appear to have been some demand for their live music gigs, but the number of those gigs is contested and not clear – the claim of “thousands” appears unlikely since the partnership does not appear to have been a full-time occupation; and even accepting that the recorded output gave rise to “thousands” of sales, that could equate to as little as say 900 for each single and album. In my view any independent goodwill attaching to the partnership of Mr Hughes with Mr Coughlan is likely to have been relatively modest by the time the partnership ended in 2011, and the goodwill of that partnership will inevitably have dissipated by the relevant date.

*Did Mr Lee have actionable goodwill at the relevant date?*

53. I proceed now to consider the final question identified in my paragraph 29 above - whether the goodwill in which Mr Lee had a beneficial interest had dissipated so as not to be actionable at the relevant date. Various cases have considered the effect on the existence of any previously established goodwill where a business ceases or suspends the use of a particular trade mark and/or trade or business altogether. There is no doubt that residual goodwill may subsist for a considerable period of time after the claimant has ceased or suspended carrying on business, although it is emphasised that each case will be determined on its own facts. Relevant factors include consideration of how substantial the goodwill was to begin with, the length of time elapsed since use, and whether the claimant

has taken steps to keep the goodwill alive.<sup>15</sup> Thus, in *Minimax* the judge considered<sup>16</sup> whether a residual goodwill existed in 2003 in relation to a trade in fire fighting equipment which ended in the 1980s and stated as follows:

“15. It is difficult to define any minimum threshold. It will all depend on the facts. How big was the reputation when use stopped? How lasting in the public eye are the goods or services to which the mark is applied? How, if at all, has the person asserting the existence of the goodwill acted in order to keep the reputation in the public eye? The greater each of these elements is, the longer, it seems to me, it will take for any goodwill to dissipate.”

54. Differences in the factual matrices between cases will inevitably produce different decision outcomes. Nonetheless, I note, for example, that in the *Liberty* case<sup>17</sup>, Laddie J found residual goodwill where a band with only modest sales and a limited following had largely<sup>18</sup> ceased functioning six years prior to the conduct complained of. The judge held:

“40. In my view this case is very close to the borderline, but I have come to the conclusion that Liberty 1 does have sufficient reputation. ... One has to draw conclusions from the material put before the court. It is common experience that the impact made by good musicians can last well after they have stopped performing and sometimes after their death. Needless to say, in the case of international stars this impact is nurtured by re-releases of their recorded music and the like. There is no equivalent here. Liberty 1 are not and have never been international stars. Not having secured a major recording contract, their impact has remained more local and limited. But I have come to the conclusion that the impact they made on their public in the mid-1990s is unlikely to have disappeared. The enthusiasm for Liberty 1 does not sparkle as brightly as it did then, but it still glows.”

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<sup>15</sup> See too Arnold J's review of the law on residual goodwill in *Maslyukov v Diageo Distilling Ltd & Anor* 2010] EWHC 443 (Ch); [2010] RPC 21, at [73] to [75]

<sup>16</sup> Floyd J found no residual goodwill on the particular facts of that case.

<sup>17</sup> *Sutherland v V2 Music Limited* [2002] EMLR 28.

<sup>18</sup> The band claimed they never ceased operating and had recorded some new songs.

55. In the present case, the evidence indicates a good degree of popular success enjoyed by the partnership of Mr Lee and Mr Hughes that operated under the sign from 1991 – September 1998. Mr Coughlan likewise has provided evidence to emphasise the band’s profile and accolades during that period. The record sales are not stratospheric, and the audience interest appears to have been especially strong in Scotland and in Australia, but within its own genre it appears to have been prominent, featuring for example on the cover of and interviewed within relevant music publications (for example **Exhibit LEE44**).
56. Moreover, Mr Lee also gives evidence as to his continued use of the sign over the intervening years. For instance, in his second witness statement at paragraphs 30 to 34 in 2003, Mr Lee re-recorded and released several Ultra-Sonic singles. (This was prompted by what Mr Lee states was reignited interest in Ultrasonic following the more notable chart success of Public Domain singles.) He also compiled, and on 26 May 2003 released, a “Best of Ultra-Sonic” album on CD and digitally worldwide, which Mr Lee states was successful.<sup>19</sup> In 2013, Mr Lee set up an events company called 1994 exclusively to provide Ultra-Sonic gigs in the UK, and at **Exhibit LEE82** Mr Lee provides a copy of his digital diary of gigs for what he describes as his Ultra-Sonic shows. The list provides around 6-12 dates in every year from 2013 – 2020, each with sizable audiences indicated, with gigs not only in Scotland, but also Northern Ireland and Birkenhead, as well as overseas. The exhibit also includes numerous examples of promotional material for “DJ Mallorca Lee” as playing “Ultra-Sonic anthems DJ set”, where the more prominent focus in terms of relative font size, is clearly on the word “Ultra-Sonic” and where the US logo also features. Mr Lee also gives evidence as to the existence of a website in his name set up in 2001, where Ultra-Sonic merchandise has been offered for sale (including records, CDs, T shirts and hats signed by Mallorca Lee showing the US logo). In 2018, Mr Lee also arranged the release, under Ultra-Sonic Research’s USR label, of an Ultra-Sonic full-length tour video on DVD, featuring 10 songs written, produced and performed by Mr Lee and Mr Hughes.<sup>20</sup>

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19 Paragraph 25 of Mr Lee’s second witness statement and Exhibits LEE 69 and 70. Mr Coughlan states that he provided written text for that album cover and that he is credited as such ( Page 43 Exhibit PC19).

20 Exhibit LEE88B, and LEE 90.

57. In my view the ongoing activities of Mr Lee have been effective in maintaining the goodwill derived from the 1990s musical partnership (though *not* in generating new goodwill under the sign accruing to Mr Lee alone). My conclusion in this regard is bolstered by evidence from around the relevant date – and even after the relevant date – that indicates a retained association in the perception of fans, promoters and the media between Mr Lee (and Mr Hughes) and the services offered under the sign. This evidence includes:

- Mr Lee being contacted by BBC Scotland to give an interview about Keith Flint of The Prodigy following his death in March 2019 (**Exhibit LEE224**). Ultra-Sonic (Mr Lee and Mr Hughes) had toured with The Prodigy in Japan and in Europe in the 1990s.
- **Exhibit LEE223** confirms Mr Lee's statement that he was interviewed on 21 August 2020 about Ultra-Sonic and the 1990s rave scene for a four-part series for BBC Scotland hosted by journalist and television presenter Kirsty Wark.
- Although again from after the relevant date, Mr Lee provides evidence that he and Mr Hughes agreed to seek to release on their USR, Ultra- Sonic label, an album of previously un-released music from their partnership between 1994 - 1998. Mr Lee announced the find of the un-released material on the Ultra-Sonic official Facebook page @ultrasonictekno and on hearing the announcement, fans themselves suggested that Mr Lee launch a Kickstarter crowdfunding project to get the album released on CD and vinyl. On 5 June 2020, a Kickstarter campaign was launched in which Mr Lee, as founding member, asked fans of Ultra-Sonic to help raise £15,000 to release the album "Hardcore Will Never Die" on CD and vinyl, to give the fans what they requested. The target was far exceeded with £43,926 in pre-order sales was raised for the album, which was due to be released in September 2020 on Ultra-Sonic's USR label.
- The Ultra-Sonic Kickstarter project was newsworthy enough to give rise to a full-page interview with Mr Lee in the Sunday Mail newspaper in June 2020 (**Exhibit LEE218**);
- Mr Lee also gives evidence of recent approaches (from businesses and fellow musicians) to use music from or based on his Ultra-Sonic partnership for various commercial ventures. **Exhibits LEE219, LEE220 and LEE222.**

58. Having considered the evidence at large, I am satisfied that Mr Lee had, at the relevant date, a beneficial interest in the goodwill connected to the Ultra-Sonic name used by the partnership, in relation to services centred around music performances, to prevent Mr

Coughlan from providing musical entertainment services in March 2019 under the name ULTRA-SONIC under the law of passing off. This is sufficient to found an objection under section 5(4)(a) of the Act to the registration of Mr Coughlan's contested trade mark application. Mr Coughlan appears to have first used ULTRA-SONIC on his *own* account (as opposed to as a member of the Hughes/Coughlan partnership) in 2018. I find that the position would have been the same at that time as it was at the date of Mr Coughlan's trade mark application in March 2019. This finding is consistent with the evidence that Mr Coughlan sought the permission of Mr Lee and Mr Hughes to use the mark for specific charitable fund-raising performances. For the avoidance of doubt, I find that their agreement to such use does not amount to an abandonment of their rights or unconditional consent for Mr Coughlan to make whatever use he wanted of the mark going forward.

59. Mr Coughlan's application stands in his name alone, so whether Mr Lee could have opposed a trade mark application made in the name of the Hughes/Coughlan partnership is of course a moot point. However, in line with my earlier findings at my paragraph 46 above, Mr Lee would also have been able to pursue an action in passing off based on the goodwill in the sign when Mr Coughlan and Mr Hughes first started performing as Ultra-Sonic in 2002. And as Mr Coughlan's evidence falls short of establishing that the Hughes/Coughlan partnership retained an independent goodwill under the sign in March 2019, the position is unlikely to have been any different then.
60. I turn therefore to the other elements necessary for passing off, as set out in paragraph 25 above. The mark applied-for is identical to the earlier sign on which the goodwill is based, and the applied-for services – namely, *Entertainment services, namely the provision of live and recorded musical entertainment as a performing and/or recording artist, a group of performing and/or recording artists, or a DJ* – directly overlap with the earlier usage of the sign and context of the goodwill. I find there is therefore the risk of misrepresentation (even if unintentional) likely to lead the public to believe that the services offered by the defendant (Mr Coughlan) are those services of the plaintiff (Mr Lee on behalf of his partnership with Mr Hughes). I also find the necessary component of consequent damage, for example on the basis that were Mr Coughlan's trade mark application allowed to proceed to registration the Mr Lee and Mr Hughes would be deprived of the possibility of a brand revival or relaunch,

or on the basis that sales may be diverted and/or disruption to the ability to communicate brand message.<sup>21</sup> (Although the evidence shows - for instance the text message exhibited at **PC22** - that Mr Hughes appeared to take no issue with either Mr Coughlan or Mr. Lee performing as Ultra-Sonic, this does not equate to consent by Mr Hughes to Mr Coughlan's registration of a trade mark.)

**Outcome:** Mr Lee's opposition succeeds on the grounds under section 5(4)(a) of the Act.  
(This is subject to the caveat as to substitution, set out at paragraph 73 below.)

61. I turn now to consider the second ground claimed by Mr Lee in his opposition against Mr Coughlan's trade mark application, the allegation that the application was made in bad faith.

### **Mr Lee's section 3(6) claim against Mr Coughlan's earlier application**

62. Section 3(6) of the Act states: "*A trade mark shall not be registered if or to the extent that the application is made in bad faith.*" The principles to be considered in determining whether a trade mark application has been filed in bad faith and thus offends against section 3(6) arise from various court judgments. The relevant case-law includes the following cases:

- *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07
- *Sky v Skykick*, CJEU, Case C-371/18
- *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal [2010] RPC 16)
- *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch)
- *Alexander Trade Mark*, BL O/036/18

63. The legal principles appear to include the following:

- While in everyday language the concept of 'bad faith' involves a dishonest state of mind or intention, the concept of bad faith in trade mark law must be understood in the context of trade: *Sky CJEU*.

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<sup>21</sup> The evidence shows that Mr Lee and Mr Hughes have since returned to working together under the sign.

- Applying to register a trade mark without an intention to use it is not bad faith per se. Therefore, it is not necessary for the trade mark applicant to be using, or have plans to use, the mark in relation to all the goods/services covered by the specification: *Sky CJEU*.
- The bad faith of the trade mark applicant cannot, therefore, be presumed on the basis of the mere finding that, at the time of filing his or her application, that applicant had no economic activity corresponding to the goods and services referred to in that application: *Sky CJEU*.
- However, where the trade mark application is filed without an intention to use it in relation to the specified goods and services, and there is no rationale for the application under trade mark law, it may constitute bad faith. Such bad faith may be established where there are objective, relevant and consistent indications showing that the applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark: *Sky CJEU*.
- This may be the case where the exclusive right was sought as part of a strategy of using widely cast trade mark registrations as legal weapons for use against others in opposition proceedings and/or for the purposes of blocking applications by third parties: *Sky EWHC* and *Copernicus-Trademarks v EUIPO*.
- A trade mark may be applied for in good faith in relation to some of the goods/services covered by the application, and in bad faith as regards others: *Sky CJEU*.
- In deciding whether there was a rationale for registering the trade mark in relation to any particular term, it is necessary to bear in mind that trade mark proprietors have a legitimate interest in seeking protection in respect of goods or services in relation to which they may wish to use the trade mark in future (even if there were no plans to use the mark in relation to the goods/services at issue at the time of filing the application): *Sky EWHC*. It is therefore relevant to consider whether the goods/services in the

contested application are related to those for which the mark has been used, or for which the applicant had plans to use the mark.

64. Assessment of bad faith claims requires an approach that takes into account the following points:

- The applicant's intention is a subjective factor which must be determined objectively by the competent authority. An overall assessment is required, which must take account of all the factual circumstances relevant to the particular case: *Lindt*.
- The matter must be judged at the relevant date, which is the date of the application for registration: *Lindt*.
- It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull*. Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani*.
- An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*.

65. Mr Lee's allegation of bad faith, as summarised in my paragraphs 6(iii) – (v) above, is essentially that Mr Coughlan had said that if Mr Lee and Mr Hughes were content for Mr Coughlan to perform (free of charge) under the contested sign just at the one or two small charity gigs in which he was personally interested, he would be able to "*nail the box shut forever*",<sup>22</sup> which I take to indicate his intention to make no further use of the sign. However, Mr Coughlan has since made further use of the sign in relation to musical engagements, which Mr Lee considers to take further advantage of Mr Lee's role in the profile of the contested mark.

66. In the digital communications exhibited at **PC22**, Mr Hughes appears to have forewarned Mr Coughlan about the unclear legal position, and Mr Coughlan expressly sought the consent of Mr Lee and Mr Hughes before proceeding with the referenced charity gigs under

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22 Exhibit LEE89

the sign. I also note that Question 19 of Exhibit RH-1 accompanying the third Witness Statement of Peter Coughlan asks Mr Hughes whether he offered Mr Coughlan “*the right to continue using the name Ultra-Sonic, along with Gary McMillan to perform live?*” Mr Hughes answered: “*I can’t remember this but if Peter and Gary say I did then I did.*” It is clear that, if consent was provided by Mr Hughes, it was provided to both Mr Coughlan and Mr McMillan together as a partnership – not to Mr Coughlan on his own. Moreover, the consent, if provided, was only for using at live performances and not to register Ultra-Sonic. Mr Coughlan is seeking to use and register Ultra-Sonic for himself (not as a partnership); that was not agreed by Mr Hughes, and certainly was not agreed by Mr Lee. I also note that in **Exhibit LEE90**, Mr Hughes states that he retained ownership of the name Ultra-Sonic.

67. In the light of the above, it is not objectively apparent on what basis Mr Coughlan could have considered it legitimate to seek to obtain for himself alone the exclusive rights of a trade mark registered in his own name, having just a year or so earlier seen fit to seek the consent of Mr Lee and Mr Hughes. I therefore find that the application amounts to an act of bad faith.

**Outcome:** Mr Lee’s opposition on the basis of the grounds under section 3(6) also succeeds.

#### **Mr Coughlan’s opposition against Mr Lee’s applications**

68. Mr Coughlan’s opposition against Mr Lee’s application for the (series of two) word marks included claims based on grounds under **sections 5(1), 5(2)(a), 5(2)(b) and 5(3)**; however, since Mr Lee’s section 5(4)(a) opposition claim succeeded against Mr Coughlan’s earlier-filed applications, Mr Coughlan has no valid earlier trade mark on which these claimed grounds may proceed; consequently:

**Outcome:** Mr Coughlan’s opposition on the basis of the grounds under sections 5(1), 5(2)(a), 5(2)(b) and 5(3) fails.

69. However, that is not the end of matter, since Mr Coughlan’s oppositions both against Mr Lee’s word mark and his logo applications also rely on claims under sections 5(4)(a) and 3(6) of the Act. Both of those claims may be dealt with relatively briefly.

### **Mr Coughlan's section 3(6) claim against Mr Lee's applications**

70. Mr Coughlan's claim of bad faith is framed on the basis of the contention that (i) Mr Lee filed his trade mark applications in response to legal objections raised against Mr Lee by Mr Coughlan's representatives (ii) that his specification mirrors Mr Coughlan's earlier application and must therefore be designed to interfere with Mr Coughlan's legal right to use the brand and that (iii) Mr Lee has proceeded without attempting to avoid the costs of these consolidated proceedings.
71. In my view, the bad faith claims are clearly not sustainable. Even though mutual agreement may often be desirable and less costly, there is no general obligation on a party to refrain from taking ordinary, proper legal steps to protect their trade mark-related interests. I note that there is evidence (for example at **Exhibit PC17**) of Mr Lee intervening (by contacting relevant third parties) to prevent the promotion of events under the Ultra-Sonic sign by Mr Coughlan. This is unsurprising in view of Mr Lee's claimed position to have an actionable interest in protecting the mark. Indeed, on the basis of the evidence filed I have found that Mr Lee had a legitimate interest in the marks for the goods and services for which he has applied. His application is consistent with good faith.

**Outcome:** Mr Coughlan's opposition on the basis of the grounds under section 3(6) fails.

### **Mr Coughlan's section 5(4)(a) claim against Mr Lee's applications**

72. Mr Coughlan's grounds under section 5(4)(a) are based in part on Mr Coughlan's claim that he holds a beneficial interest in the goodwill under the sign connected with the 1990s partnership between Mr Lee and Mr Hughes. I have previously found that Mr Coughlan's claim to have been a partner in the band at that stage is not supportable on the basis of the evidence before me. This significantly undermines Mr Coughlan's pleaded case (and his conceptions of US Version 2 and US Version 3). As do my findings that Mr Lee neither "left" the original partnership, nor abandoned his goodwill in it, and that the earlier goodwill from that partnership between Mr Hughes and Mr Lee remained actionable. US Version 3, it will be recalled, refers to the later partnership between Mr Hughes and Mr Coughlan; that partnership ended some time in 2011 and any goodwill it may have generated would have been owned by that partnership (in undivided shares between its partners). To the extent

that Mr Coughlan's case could be considered based on independent goodwill attaching to the partnership of Mr Hughes with Mr Coughlan such goodwill, I have anyway previously found that such goodwill is likely to have been relatively modest by the time the partnership ended in 2011, and to have dissipated by the relevant date. I am not satisfied that it would have been actionable by March 2019 when Mr Lee filed his application. Having obtained consent from Mr Hughes and Mr Lee to the one-off charity performance in 2018, Mr Coughlan then performed at more and more gigs using Ultra-Sonic (without Mr Lee's consent). Mr Coughlan has not generated any new goodwill on his own in this short time. In the circumstances I find that Mr Coughlan's opposition on the basis of the grounds under section 5(4)(a) fails.

**Overall Outcome:**

Mr Coughlan's opposition fails overall.

Subject to any successful appeal of this decision Mr Lee's trade mark applications Nos. 3384241 and 3384172 may proceed to registration – however, please note the caveat below.

73. **CAVEAT** - I have found in favour of Mr Lee. However, the success of his claim under section 5(4)(a) rests on the actionable goodwill attaching to the sign as used by the partnership between Mr Lee and Mr Hughes in the 1990s. An earlier right to prevent the use of a trade mark by virtue of the law of passing off can be asserted under section 5(4)(a) of the Act by a person who is entitled, either alone or with others, to a proprietorial interest in the goodwill to which the earlier right relates.<sup>23</sup> The opposition has been brought in his own name, not behalf of the partnership of which he was a member. Consequently, **I direct that Mr Lee has one month from the date of this decision to make an application to substitute the name of the opponent to be:**

*“John Charles de Mallorca Lee acting on behalf of Ultra-Sonic, a partnership between John Charles de Mallorca Lee and Rodger Hughes.”*

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<sup>23</sup> See for example paragraph 29 of the decision (O-074-10) by Geoffrey Hobbs QC, sitting as the Appointed Person in CLUB SAIL Trade Marks [2010] RPC 32.

**Pending satisfaction of that substitution, this decision is provisional only. If the opponent is substituted to reflect my direction above, I will issue a short final decision confirming the overall outcome as expressed above and will make an order for costs, as indicated below, payable to Mr Lee acting on behalf of the partnership.**

## **COSTS**

74. The opposition brought by Mr Lee has been successful and he is entitled to a contribution towards his costs in these proceedings in line with the costs scale published in Tribunal Practice Notice 2/2016. **If the above direction is satisfied**, I will award the sum of £2900 as a contribution towards the cost of these consolidated proceedings, calculated as follows, and taking account of the degree of overlap in the shared central themes:

Reimbursement of the official fee for the Form TM7:	£200
Preparing a statement of grounds in his own opposition and considering the other side's counterstatement:	£300
Considering the other side's statements of grounds and preparing his own counterstatements:	£400
Considering the evidence filed and preparing submissions and evidence during the evidence rounds:	£1500
Preparation of submissions in lieu of an oral hearing	£500
<b>Total:</b>	<b>£2900</b>

**Dated this 31st day of March 2021**

Matthew Williams

**For the Registrar**