

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2395371  
BY ALIEN SYSTEMS & TECHNOLOGIES (PROPRIETARY) LIMITED  
TO REGISTER A TRADE MARK IN CLASS 9**

**AND IN THE MATTER OF OPPOSITION THERETO UNDER No. 94193  
BY PYROGEN TECHNOLOGIES SDN BHD**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE APPLICANT  
AGAINST A DECISION OF MR. M. FOLEY DATED 30 OCTOBER 2007**

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**DECISION**

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**Introduction**

1. On 24 June 2005 Alien Systems & Technologies (Proprietary) Limited, Plot 32, Golfview, Walkerville, Gauteng, South Africa (“the Applicants”) applied in Class 9 to register PYROGEN as a trade mark for use in relation to fire-extinguishing apparatus. The application is numbered 2395371 and claims priority from a South African registration with effect from 7 February 2005.
2. Following advertisement, Pyrogen Technologies Sdn Bhd, No. 2A, Jalan SS13/3D, Subang Jaya Industrial Estate, 47600 Subang Jaya, Malaysia (“the Opponents”) opposed the application on 3 March 2006. The grounds of opposition were under sections 3(6), 5(4)(a), 56 and 60 of the Trade Marks Act 1994 (“TMA”). In the event, the opposition under section 56 was not pursued.
3. The Applicants took issue with the grounds of opposition in their Notice of Defence and Counterstatement dated 7 June 2006.
4. Both sides filed evidence:
  - (a) In support of the opposition, two Statutory Declarations of Hee Choi, Chief Executive Officer of the Opponents, dated 12 September 2006 and 7 March 2007.
  - (b) In support of the application, a Witness Statement of Paul John Wright, Director of the Applicants, dated 11 December 2006.

Neither witness was cross-examined.

5. Mr. Mike Foley, the Hearing Officer acting for the Registrar, heard the opposition on 24 May 2007. In a written decision issued on 30 October 2007 (BL O/316/07) he found in favour of the Opponents under sections 3(6) and 60 of the TMA. He dismissed the opposition under section 5(4)(a).
6. On 27 November 2007 the Applicants gave notice of appeal to an appointed person under section 76 of the TMA challenging the Hearing Officer's findings for sections 3(6) and 60. There was no cross-appeal against the Hearing Officer's decision under section 5(4)(a).
7. The representation on appeal was the same as before the Hearing Officer. Mr. Mark Chacksfield of Counsel appeared on behalf of the Applicants. Ms. Helyn Mensah of Counsel represented the Opponents.
8. The appeal is by way of review and not rehearing. Counsel were agreed that the Hearing Officer's decision involved assessments of the kind to which the approach set out by Robert Walker L.J. in *REEF Trade Mark* [2003] RPC 101, 109 – 110 applied:

“In such circumstances the 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.”

A decision does not contain an error of principle merely because it could have been better expressed.

### **The facts**

9. The events leading up to the dispute are set out at paragraphs 7 – 14 and 44 – 47 of the decision. The Applicants accept that they are accurately described with one exception, which is not material<sup>1</sup>. Briefly:
  - (a) Federal Centre of Dual Technologies Soyuz, a Russian company manufactures fire-extinguishing apparatus (not under the name PYROGEN).
  - (b) By an agreement dated 27 September 1996, Soyuz granted to AES International Pty Ltd, an Australian company the “sole and exclusive right” to sell, finish off under Soyuz approval, assemble and recharge fire-extinguishing products in Pacific Rim countries and South Africa. Supplementary Agreements between Soyuz and AES made pursuant to the original agreement extended the territories to first, the USA and Canada (27 June 1997) and second, Europe except Germany (27 September 1997). The original agreement permitted the appointment by AES of agents, representatives and sub-distributors.

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<sup>1</sup> The Hearing Officer omitted explicitly to state that there was no evidence of an assignment by AES to the Opponents of the Supplementary Agreement dated 27 September 1997 (see para. 9(b) of my decision). Mr. Chacksfield took no point on that issue. I am satisfied that it is irrelevant to the appeal.

- (c) In 1996, AES appointed Tyco International Pty Ltd, another Australian company exclusive distributor of the products in Australia. Apparently Tyco coined the denomination PYROGEN for use in connection with the products in 1996 and they registered it as a trade mark in Australia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, South Korea, Singapore, Taiwan, Thailand and Vietnam.
- (d) Around August 1997, the Opponents acquired AES. By an agreement dated 11 August 1997, AES assigned to the Opponents its rights, benefits and obligations under the original and first supplementary agreements with Soyuz. (The agreement of 11 August 1997 recites that the Opponents own 100% of the issued share capital of AES.)
- (e) By an assignment dated 8 July 2003, Tyco transferred to the Opponents the PYROGEN registrations and goodwill in Australia, China, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, South Korea, Singapore, Taiwan, Thailand and Vietnam (a pending application in India was also transferred).
- (f) In the UK, the Opponents supplied PYROGEN fire-extinguishing products to Pyrogen Limited from at least April 1999. It is clear from the evidence particularly a European Activity Report dated June 1999 from Mr. Jon Buckley, Pyrogen Limited to Mr. K. C. Loh, Opponents (Statutory Declaration of Hee Choi, 12 September 2006, H-5) that there was a commercial relationship between the two companies under which Pyrogen Limited was responsible for marketing and selling PYROGEN products in the UK and also for identifying suitable sub-distributors in the UK and elsewhere.
- (g) On 24 February 2000, Pyrogen Limited became a wholly owned subsidiary of the Opponents. Mr. Hee Choi and Mr. K. C. Loh, directors of the Opponents were appointed directors of Pyrogen Limited alongside Mr. Jon Buckley.
- (h) The Applicants became the authorised distributors in South Africa of PYROGEN fire-extinguishing apparatus sometime in 2000 – 2001. The Opponents supplied the products to Pyrogen Limited who in turn supplied the Applicants. The Applicants' web pages indicated that in February 2001 they obtained a 5-year agreement with Pyrogen Limited giving them full PYROGEN agency for the African continent.
- (i) Pyrogen Limited was wound up at the end of 2004 and went into liquidation. The Opponents continued to supply PYROGEN products to the UK at least from February 2004 to Pyroshield Limited, which had the same personnel as Pyrogen Limited including Jon Buckley. Mr. Hee Choi exhibits a screenshot from the web page of Pyrogen (UK) Ltd (printed on 19 August 2006), which states: "For further information related to the Pyrogen Product, please contact Pyroshield Limited ...".

### **Section 60 of the TMA**

10. The Hearing Officer decided the opposition first, under section 60 and second, under section 3(6). That was also the order in which the appeal was argued before me
11. Section 60 of the TMA provides insofar as relevant:

“60.–(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

[...]

(5) Subsections (2), [...] do not apply if, or to the extent that, the agent or representative justifies his action.”
12. Section 60 enacts into United Kingdom law Article 6septies of the Paris Convention for the Protection of Industrial Property, which states:

“(1) If the agent or representative of the person who is the proprietor of a mark in one of the countries of the Union applies, without such proprietor’s authorisation, for the registration of the mark in his own name, in one or more countries of the Union, the proprietor shall be entitled to oppose the registration applied for [...] unless such agent or representative justifies his action [...].”
13. The corresponding ground of opposition in relation to the Community trade mark is article 8(3) of Council Regulation (EC) 40/94 (“CTMR”).

### **Proprietor of the mark**

14. The Hearing Officer held that the Opponents were qualified for the purposes of section 60(1) of the TMA as the proprietors of the mark in a Convention country. That finding is not disputed.
15. There was some discussion of the relevant date for determining the opposition under section 60: the priority date of the application, 7 February 2005; or the date on which the application was filed, 24 June 2005. The difference is not material in the present case because the Opponents’ claim to proprietorship was satisfied throughout. The Opponents became the owners of the PYROGEN registrations in a number of Convention countries on 8 July 2003. It is therefore unnecessary for me to decide the point for this appeal.

### Agent or representative

16. The Hearing Officer held that the Applicants were an agent or representative of the Opponents for the PYROGEN product in Africa through the Opponents' UK subsidiary, Pyrogen Limited.
17. The first ground of appeal is that the Hearing Officer applied the wrong test. He asked himself whether a distributor fell within the description "agent or representative" whereas he should have enquired whether the evidence established that the Applicants were an agent or representative.
18. Mr. Chacksfield accepts that the Applicants were a distributor but says there are various types of distributors including, for example, FedEx Express and The Post Office neither of which can be termed an agent or a representative within the meaning of section 60(1). He contends that the Applicants were merely a purchaser of PYOGEN product: Mr. Hee Choi himself used the phrase "customer-supplier" to describe the relationship between the Applicants and Pyrogen Limited (Statutory Declaration of Hee Choi, dated 12 September 2006, para. 17).
19. Counsel cited a number of decisions of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) ("OHIM") on article 8(3) of the CTMR:

*Noraxon USA Inc. v. Hubert Schachinger*, Opposition Division Decision No. 401/1999, at p. 6:

"The legal notion of the expressions "agent" and "representative" shall be considered in a broad sense and regardless of the *nomen juris* of the contract creating the relevant relationship between the principal-proprietor and the agent or representative applying for the CTM. Therefore this notion can also apply, for example, to mere distributors of goods for which the mark in question was used. The decisive point is the fact that the representation in a broad sense is the main factor permitting the applicant to apply for the registration of the mark in his own name."

*Jim O'Neal Distributing Inc v. Mark Costahaude*, Opposition Division Decision No. 174/2002, at p. 7:

"The purpose of Article 8(3) CTMR is mainly to preclude that, as a result of the knowledge and experience acquired by a commercial relationship, one of the parties tries to appropriate the mark of the principal or proprietor. Thus, taking into consideration that the term "agent" should be interpreted broadly and that in an exclusive licence relationship of the kind described above, the licensee assumes a general duty of loyalty and trust, beyond mere economic connections, the Office considers that such a licensee can be considered as an "agent or representative" within the meaning of Article 8(3) CTMR."

*Sotorock Holding Limited v. Gordon*, Case R 336/2001-2, Second Board of Appeal, para. 17:

“Article 8(3) CTMR has its origins in Article 6 septies of the Paris Convention for the protection of Industrial Property (OJ OHIM 9/97, p. 805). In the spirit of the original provision, Article 8(3) CTMR aims at providing a safeguard for trade mark proprietors against attempts at misappropriation of the trade marks by persons who are in a close business relationship with the proprietors. Such persons may have the capacity of a proprietor’s agent or representative as is mentioned in the wording of Article 8(3) CTMR. The term 'representative' is a broad concept and may include a distributor or an importer of the proprietor’s goods or any party that acts for the proprietor in any trade connection. Both agent and representative, by virtue of the close commercial relationship they have with the trade mark proprietor, may be able to take advantage of the proprietor’s intellectual property. This provision sets down the limits of this relationship and offers protection to the trade mark proprietor where there is proof that the relationship exists and that the trade mark proprietor never consented to the agent’s or the representative’s registering the proprietor’s trade mark in its own name.”

*Sybex Inc. v. Sybex-Verlag GmbH*, Opposition Division Decision No. 2486/2004, p.9:

“In view of the purpose of Article 8(3) CTMR, which is to safeguard the legal interests of trade mark owners against arbitrary usurpation of their trade marks by trusted commercial associates, the terms “agent or representative” should be interpreted broadly to cover all kinds of equivalent cases, regardless of the *nomen juris* of the contractual relationship between the principal/proprietor and the applicant. Thus, this provision could also encompass, for instance, local distributors, franchisees or licensees of the proprietor.”

And finally to much the same effect:

*Nu Science Corporation v. Basic Fashion Oy*, Case R 460/203-2, Second Board of Appeal, para. 8 (summarising the reasoning of the Opposition Division):

“In view of the purpose of Article 8(3) CTMR, which is to safeguard the legal interests of trade mark owners against the misappropriation of their trade marks by their commercial associates, the terms 'agent' and 'representative' should be interpreted broadly to cover all kinds of relationships based on some contractual arrangement where one party is representing the interests of another, regardless of the *nomen juris* of the contractual relationship between the principal/proprietor and the applicant. Thus, it is sufficient for the purposes of this provision that there exists some agreement of commercial co-operation between the parties that gives rise to a fiduciary relationship by imposing on the

applicant, whether expressly or implicitly, a general duty of trust and loyalty as regards the interests of the trade mark owner. It follows that Article 8(3) CTMR may also extend, for example, to licensees of the owner, or to authorised distributors of the goods for which the mark in question is used.”

20. Mr. Chacksfield says he brought to the Hearing Officer’s attention *Chitty on Contracts*, 29th ed., pp. 17 – 24 that there is no general principle of good faith in English law contracts but the Hearing Officer failed to appreciate its relevance.
21. Mr. Chacksfield argues that there was no evidence of any fiduciary-type obligations on the Applicants. He referred me to the OHIM Opposition Guidelines (March 2004) for the types of evidence one might expect in a case like the present and noted the absence of sales targets, payment of royalties, production of goods under licence or help in the setting up of a local distribution network. Mr. Chacksfield was selective in his reference. The OHIM Guidelines more fully state (pp. 301 – 302):

**“1.2. Form of the agreement**

It is not necessary that the agreement between the parties assumes the form of a written contract [...]

Even in cases where a written contract does not exist, it may still be possible to infer the existence of a commercial agreement of the kind required by Article 8(3), by reference to indirect indications and evidence, such as the commercial correspondence between the parties, invoices and purchase orders for goods sold to the agent, or credit notes and other banking instruments. Even dispute resolution agreements may be relevant, to the extent they give sufficient information about the past relationship between the parties.

244/2001 GORDON AND SMITH/GORDON AND SMITH (EN),  
2309/2001; 2310/2001 APEX/APEX (EN), 722/2002 FIRST  
DEFENSE/FIRST DEFENSE (EN)

Furthermore, circumstances such as sales targets imposed on the applicant, or payment of royalties, or production of the goods covered by the mark under license or help in the setting up of a local distribution network, will be strong indications in the direction of a commercial relationship of the type covered by Article 8(3).”

22. I have studied the decision carefully and find that the Hearing Officer did not fall into the trap the Applicants suggest. At paragraph 24, the Hearing Officer specifically asked himself whether there was evidence of the Applicants being an agent or representative for the PYROGEN product. He particularly identified the following:

- (a) Copy handwritten note from Paul Wright to Mr. K. C. Loh, faxed to Jon Buckley on 27 June 2000, complaining inter alia about an unauthorised dealer in PYROGEN branded products and requesting urgent confirmation that the Applicants were the only authorised distributor in South Africa (Statutory Declaration of Hee Choi, 12 September 2006, H-11).
  - (b) Correspondence and an aged-debtor analysis evidencing the supply of PYROGEN products to the Applicants in the period 2000 – 2002 (Statutory Declaration of Hee Choi, 12 September 2006, H-11).
  - (c) Statements on the Applicants’ website that the Applicants: (i) gained “full Pyrogen agency for the entire African continent” in February 2001; (ii) were “the agents for a product known internationally as Pyrogen”; and (iii) had “a 5 year agreement with Pyrogen UK to promote and support this [Pyrogen] product” (Statutory Declaration of Hee Choi, 12 September 2006, H-12).
23. Ms. Mensah took me in further support to:
- (a) An extract from the Opponents’ US distributor’s website stating that PYROGEN products had been available on the South African market since 2000 and listing the Applicants as the distributor (Statutory Declaration of Hee Choi, 12 September 2006, H-12).
  - (b) Email correspondence from November/December 2002 relating to the Applicants’ stock requirements in South Africa between the Applicants’ Paul Wright, Jon Buckley of Pyrogen Limited and Hee Choi and K. C. Loh of the Opponents (Statutory Declaration of Hee Choi, 7 March 2007, H-13 and H-14).
  - (c) Email dated 26 November 2002 again relating to the Applicants’ stock requirements from Jon Buckley to amongst others Hee Choi and Paul Wright (copied to K. C. Loh) referring to the Applicants as “our local Distributor” in South Africa. (Statutory Declaration of Hee Choi, 7 March 2007, H-15).
  - (d) The Applicants’ admission that the application in suit was filed subsequent to the Applicants having had a business relationship with Pyrogen Limited (Witness Statement of Paul Wright, 11 December 2006, para. 17, noted by the Hearing Officer at para. 18 of the decision).
24. Having undertaking a review of the evidence the Hearing Officer concluded (para. 25):
- “On the evidence there can be little doubt that there was a commercial relationship between the opponents, who supplied the PYROGEN product to their wholly owned UK subsidiary, Pyrogen Limited, who in turn authorised the applicants to sell the product in Africa”.

25. Mr. Chacksfield relies on paragraphs 25 – 26 of the decision as showing that the wrong test was applied. However, the context indicates that the Hearing Officer was there merely dealing with what he perceived to be Mr. Chacksfield’s argument that “distributor” was not within the definition of “agent or representative” for the purposes of section 60. He had already found that the Applicants were not mere purchasers.
26. Thus, at paragraph 25 the Hearing Officer cites first, the Patent Office’s *Notes of the Trade Marks Act 1994* and second, my decision in *GOLF COURTS*, BL O/111/03 both to the effect that “agent or representative” in section 60(1) includes distributors. At the hearing I brought to the attention of counsel *JACOB*, BL O/066/08 where Mr. Richard Arnold QC sitting as the Appointed Person after a review of the relevant OHIM case law arrived at the same conclusion.
27. Furthermore the Hearing Officer did take into account *Chitty on Contracts*, pp. 17 – 24 albeit rather obliquely. Citing the *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, Professor G. H. C. Bodenhausen, 1968, p. 124, he made the point that section 60 does not depend upon the existence of a contract.
28. That is because as the Court of First Instance explained<sup>2</sup> in Case T-6/05, *DEF-TEC Defense Technology GmbH v. OHIM* [2006] ECR II-2671, paragraph 38, the legislation is “designed to prevent the misuse of a mark by the trade mark proprietor’s agent, as the agent may exploit the knowledge and experience acquired during its business relationship with the proprietor and therefore improperly benefit from the effort and investment which the trade mark proprietor himself made”.
29. On the first ground of appeal, I find that the Hearing Officer did not err as the Applicants claim. In my judgment he was entitled to conclude on the evidence that the Applicants’ position as distributor fell within the description “agent or representative” under section 60(1).

### **Of a person who is the proprietor of the mark**

30. The second ground of appeal is that even if the Applicants were an agent or representative this was of Pyrogen Limited and not the Opponents. A requirement of section 60(1) was therefore not satisfied.
31. The point was also put to the Hearing Officer (para. 30):

“[...] The question is whether, having been an agent or representative of a wholly-owned subsidiary of the proprietor is sufficient to invoke the provisions of Section 60?”

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<sup>2</sup> In relation to article 8(3) CTMR, which is the equivalent to section 60 TMA.

32. His response was (paras. 31 – 33):

“31. The question of the use of trade marks within a group of related companies was addressed in the *AL BASSAM* trade mark case [1994] RPC 315. Ms Mensah referred me to the following paragraphs at line 28, page 351:

“Mr. Baldwin asserted that the mark in suit is a house mark of Courtauld, even though used by its subsidiaries. The function of the mark is to indicate the trade origin of goods and the origin of the goods in suit is the Courtauld Group. Registration of the mark in suit in the name of Courtauld will deceive nobody. He drew support for his argument from *Revlon Inc and others v. Cripps & Lee Ltd. and others* [1980] F.S.R 85. This case, brought against infringement and passing off, involved questions of trade connections as between the parent company Revlon Inc and its subsidiaries. At first instance, Dillon J said (page 95 *et seq*): -

“Mr. Prescott argues very succinctly that Revlon Suisse, Revlon Overseas and Revlon International are separate companies from Revlon Inc, that Revlon Suisse, Revlon Overseas and Revlon International have never produced or marketed any of the anti-dandruff Revlon products, and Revlon International specifically decided not to market them in the United Kingdom. He adds that they have never consented to the use of the mark REVLON FLEX by Revlon Inc in respect of such goods because their consent was never required.

That argument is, I apprehend, unanswerable if it is correct to place such emphasis on the fact that the individual group companies, which are co-plaintiffs in this action, are in law separate entities. In my judgment, however, this narrow emphasis on the individuality of companies in a group is not in accordance with recent authorities: see *DHN Food Distributors Ltd. v. Tower Hamlets London Borough Council* [1976] 1 W.L.R. 852 where Lord Denning MR said at page 860: -

“ “We all know that in many respects a group of companies are treated together for the purpose of general accounts, balance sheet, and profit and loss accounts. They are treated as one concern. Professor Gower in *Modern Company Law*, 3<sup>rd</sup> ed (1969), 216 says: “there is evidence of a general tendency to ignore the separate legal entities of various companies within a group,

and to look instead at the economic entity of the whole group”. This is especially the case when a parent company owns all the shares in of the subsidiaries – so much so that it can control every movement of the subsidiaries. These subsidiaries are bound hand and foot to the parent company and must do what the parent company says. A striking instance is decision of the House of Lords in *Harold Holdsworth & Co (Wakefield) Ltd v. Caddies* [1995] 1 W.L.R. 352. So here. This group is virtually the same as a partnership in which all three companies are partners. They should not be treated separately so as to be defeated on a technical point. They should not be deprived of the compensation which should justly be payable for disturbance. The three companies should, for present purposes, be treated as one, and the parent company DHN should be treated as that one. So DHN are entitled to claim compensation accordingly. It was not necessary for them to go through a conveyancing device to get it.” ”

and at line 11, page 353:

“This approach is in line with the approach adopted long before in trade mark law by the Comptroller-General in *RADIATION Trade Mark* (1930) 47 R.P.C. 37 at 43 where he stated the question of the effect of use of a trade mark by one company in a group as a practical question. He considered what the position would have been if all the companies in the group had been branches of a single company and concluded that treating the question as a practical one the formal constitution of the group as a group of companies did not prevent the then applicants from holding a trade mark which indicated the connection of the whole group of companies with the goods to which it was applied: see also the references to the *RADIATION* case by Salmon and Cross L.J.s in *GE Trade Mark* [1970] R.P.C. 339”.

32. Ms Mensah argued that taking the passages as a whole, it is clear that the main question is one of practicality. What is the position of the parent company vis-a-vis the wholly owned subsidiary? Ms Mensah stated that the opponents owned the whole of Pyrogen UK’s shareholding, and had legal and practical control, and for the purposes of these proceedings should be treated as being Pyrogen UK. She further argued that if the parent company had revoked Pyrogen UK’s authority to deal with the applicants, it could not have continued to do so.

33. Mr Chacksfield pointed out that Pyrogen UK had not always been a subsidiary of the opponents. That is confirmed by Mr Choi, who states that having started supplying Pyrogen UK in 1998, the opponents acquired the company as a wholly owned subsidiary on 24 February 2000. Mr Choi also confirms that the subsidiary was wound up at the end of 2004. The screen print taken from the applicants' website shows they became an agent for PYROGEN in February 2001, within the period that the company was active and a subsidiary of the opponents."

33. The Applicants' second complaint follows a similar pattern to the first. Issue is taken not with the Hearing Officer's statements of principle but with his application (or lack of application) of principle to the facts. Mr. Chacksfield argues that there are subsidiaries and subsidiaries: different subsidiaries operate differently within a group. He contends that Pyrogen Limited operated entirely independently and separately from the Opponents even after their acquisition in February 2000. He says that the Hearing Officer's findings in relation to the ground of opposition under section 5(4)(a) support that view. The Hearing Officer was wrong to regard the Opponents and Pyrogen Limited as one for the purposes of section 60.
34. Ms. Mensah on the other hand says that the Hearing Officer's treatment of the two companies, as one was entirely consistent with the evidence to which he was taken, namely:
- (a) Annual company accounts for 2000, 2001 and 2002 (Statutory Declaration of Hee Choi, 12 September 2006, H-9) showing:
    - (i) Pyrogen Limited was a wholly owned subsidiary of the Opponents. (Hee Choi as nominee for the Opponents held the entire share capital). The Opponents were the ultimate controlling party although day-to-day control rested with Jon Buckley, managing director of the company.
    - (ii) Both companies had common directors: Mr. Hee Choi and Mr K. C. Loh (being two of only three directors of Pyrogen Limited).
    - (iii) The Opponents supplied considerable operating finance to Pyrogen Limited to enable it to continue trading.
  - (b) Reporting between Pyrogen Limited and the Opponents: European Activity Report (Statutory Declaration of Hee Choi, 12 September 2006, H-5, see 9(f) above) and e-mail correspondence (Statutory Declaration of Hee Choi, 7 March 2007, H-13 – H-15, see above 23(b) and (c)).
  - (c) Authorisation for supplies of PYROGEN stock. Mr. Hee Choi makes the point that the Opponents had control over use of the PYROGEN

mark because they were the ones who supplied Pyrogen Limited with PYROGEN products (Statutory Declaration of Hee Choi, 12 September 2006, paras. 12 and 17). An email from Jon Buckley, Pyrogen Limited to Hee Choi and K. C. Loh, dated 1 December 2002, relating to obtaining PYROGEN stock for South Africa concludes: "I will not do anything until I receive your authorisation ..." (Statutory Declaration of Hee Choi, 12 September 2006, H-13).

35. Ms. Mensah disagrees with Mr. Chacksfield's interpretation of the Hearing Officer's deliberations under section 5(4)(a). However she acknowledges that the decision relating to the second ground of appeal could have been better structured/expressed.
36. As I indicated at the beginning of this decision, the Hearing Officer's decision under section 5(4)(a) of the TMA stands unchallenged. He decided briefly that the Opponents had not succeeded in proving that they owned any relevant goodwill in the UK before the application in suit.
37. Mr. Chacksfield relies on paragraph 59 of the Hearing Officer's decision in support of his contention that Pyrogen Limited even after acquisition was an independent company at arms length:

"59. As I have already said, there is no evidence that the opponents have ever directly traded in the UK themselves so had no prior goodwill at the time that they became involved with Pyrogen Limited. They did not establish that company; it was neither a branch nor a subsidiary, but a commercially distinct operation with no apparent connection other than the use of the PYROGEN name. As far as I can see there is not a single mention of the opponents in any of the promotional material and features exhibited. There is no evidence that there was any formal contractual arrangements, be it governing the use of the mark or otherwise. Nor is there any evidence that when the opponents bought the company they also acquired any goodwill. I do not see that I can simply infer that they did; it is not always the case.

60. On these facts I do not see that I can conclude that the opponents have at any time been in possession of any goodwill in the UK. ..."

38. I agree with Ms. Mensah that for the most part at paragraph 59 the Hearing Officer is speaking to the period before February 2000, i.e., before the Opponents acquired Pyrogen Limited. Thereafter he says he is unable to infer from the evidence the destination of UK goodwill. Nevertheless, that goodwill would have been in the Opponents' PYROGEN products supplied to Pyrogen Limited.
39. I do not believe paragraph 59 gives Mr. Chacksfield the support he is seeking. I accept some of his criticisms of the Hearing Officer's reasoning but have arrived at the conclusion that they are a matter of form rather than substance. In my judgment he was entitled on the evidence to treat the companies as one for the purposes of section 60 so that the Applicants were the agent or

representative of the Opponents through the Opponents' wholly owned subsidiary Pyrogen Limited. It will be remembered that the Applicants by their own admission became agent in Africa for PYROGEN products in February 2001.

### **Sub-agents**

40. Following the hearing at my request the parties sent me written submissions concerning whether the words "agent or representative of a person who is the proprietor of the mark" in section 60 were wide enough to include a sub-distributor as in the present case.
41. Mr. Chacksfield submits that this can only occur where the evidence shows a direct relationship between the proprietor and the sub-agent, which he said is missing here. He cited the decision of the OHIM Opposition Division in *Noraxon USA Inc. v. Hubert Schachinger* (401/1999). The facts are difficult to extricate but it seems the article 8(3) claim failed because the US proprietor could not show any relevant link (i.e., related to the mark in suit) between itself and the company of which the applicant was a representative at the time of the CTM application. That of course contrasts with the current situation where there was obviously a commercial relationship regarding the PYROGEN mark between the Opponents and Pyrogen Limited even before the latter became a wholly owned subsidiary of the former.
42. Ms. Mensah submitted that section 60 could encompass indirect agency relationships or sub-agents. She had no direct authority but referred me to the OHIM Guidelines on article 8(3) of the CTMR dealing with the reverse situation of the application being made in the name of a third party rather than the agent itself (pp. 303 – 304):

“[...] there may be cases where the agent or representative will try to circumvent this provision by arranging for the application to be filed by a third person, whom he either controls, or with whom he has entered into some form of understanding to that effect. *In such cases it is justified to adopt a more lenient flexible approach. Thus, if it is clear that because of the nature of the relationship between the person filing the application and the agent, the situation is effectively the same as if the application had been filed by the agent himself, it is still possible to apply Article 8(3), notwithstanding the apparent discrepancy between the applicant's name and the name of the owner's agent.*

Such a case could arise if the application is filed not in the name of the agent's company, but in the name of a natural person that shares the same economic interests as the agent, as for example its president, vice president or legal representative. Given that in this case the agent or representative could still benefit from such a filing, it should be considered that the natural person is bound by the same limitations as the company.

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Moreover, if the person filing the contested application had also signed the agency agreement on behalf of the company, this would have to be considered a strong argument in favour of the application of Article 8(3), since in such a case the applicant cannot possibly deny a direct knowledge of the relevant prohibitions. Similarly, if an agency agreement contained a clause holding the management of the company personally responsible for the observance of the contractual obligations undertaken by the agent, this would also have to be considered a further indication that the filing of the application is covered by the prohibition of Article 8(3).

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*A similar case arises where the agent or the representative and the applicant are distinct legal entities, but the evidence shows that they are controlled, managed or run by the same natural person. For the reasons given above it is appropriate to “lift the corporate veil” and apply Article 8(3) also to these cases.”* [emphasis supplied by Ms. Mensah]

43. Ms. Mensah also referred me to three OHIM cases where article 8(3) of the CTMR was held to be applicable despite the existence of an indirect link. In *Jim O’Neal Distributing Inc v. Mark Costahaude* (174/2002), the applicant was the Vice President of a former licensee of the proprietor of the mark AZONIC in the USA. In *Nu Science Corporation v. Basic Fashion Oy* (R 460/203-2), the applicant company shared the same director and ordinary member as the Japanese distributor of the proprietor of the CELLFOOD mark in the USA. In *DEF-TEC Defense Technology GmbH v. Defense Technology Corporation of America*, Case R 493/2002-2, Second Board of Appeal, the distribution agreement was between a company that had been sold to the opponent and the applicant for registration of the FIRST DEFENSE mark<sup>3</sup>.
44. In the event it is unnecessary for me decide whether sub-agents are included in section 60 because I have confirmed that the Hearing Officer rightly treated the Opponents and Pyrogen Limited as one entity. On the one hand preventing the misappropriation of marks by proprietors’ sub-agents is consistent with the purpose of section 60 (*DEF-TEC*, CFI, see 28 above) and otherwise provides an obvious route for circumvention. On the other hand conduct falling within section 60 is recognised as a species of bad faith, which constitutes an absolute ground for challenge open to any person. I incline towards a wide interpretation but as I say, that can be left to another occasion.

### **Liquidation, timing and justification**

45. The Applicants’ third ground of appeal has two limbs. Pyrogen Limited went into liquidation at the end of 2004. First, Mr. Chacksfield argues that even if the two companies were to be treated as one that ended before the application

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<sup>3</sup> It was accepted before the CFI that the applicant was the agent of the trade mark proprietor.

was made (24 June 2005 with priority from 7 February 2005). There is no need for the agency/representative relationship to continue up to the time of the application (*Jim O'Neal Distributing Inc v. Mark Costahaude, DEF-TEC*, R 493/2002-2). The Hearing Officer noted that the Applicants were agent during the period that Pyrogen Limited was both active and a wholly owned subsidiary (para. 30). The application was made in the aftermath of the liquidation.

46. Second, Mr. Chacksfield contends that the Hearing Officer wrongly rejected the Applicants' defence of justification based on the Opponents' abandonment of the UK market. Indeed, he says, the Hearing Officer curiously overlooked section 60(5).
47. At first blush paragraph 35 of the Hearing Officer's decision is puzzling until it is appreciated that the Applicants did not put forward a defence of justification under section 60(5) in their Defence and Counterstatement. Thus the Hearing Officer notes that there is no proviso to section 60(1). Its terms are absolute. Nevertheless the Hearing Officer does move on to consider the Applicants' arguments in relation to abandonment and concludes (consistently with the fact that it is up to the agent to prove justification, *Guide to the Application of the Paris Convention*, pp. 126 – 127) that abandonment has not been made out. In particular, the Hearing Officer observes that the Opponents had supplied PYROGEN products to Pyroshield Limited in the UK since at least February 2004. He further refers to Mr. Hee Choi's unchallenged statement that the website [www.pyrogen.co.uk](http://www.pyrogen.co.uk) had been continuously online since January 2002 (see 9(i) above).
48. I fail to see how the Hearing Officer's reasoning can be said to be flawed and I dismiss the third ground of appeal.

### **Section 3(6) of the TMA**

49. Section 3(6) of the TMA provides:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”
50. The Hearing Officer instructed himself with respect to the relevant authorities, conducted a further review of the evidence and said that he had little difficulty in coming to the view that in seeking to register PYROGEN the Applicants were acting in bad faith. The ground under section 3(6) also succeeded.
51. The fourth ground of appeal again has two limbs. First, the Applicants say that the Hearing Officer did not address the allegation as pleaded. There is nothing in this criticism. Mr. Chacksfield seeks misguidedly to import into the Opponents' Statement of Grounds that in their section 3(6) claim the Opponents were alleging misappropriation of UK goodwill.
52. Second, Mr. Chacksfield says that the Hearing Officer wrongly ignored Mr. Paul Wright's statement that he believed the Opponents had abandoned the

UK market. The test for bad faith does not require effect to be given to the applicant's belief in the propriety of his or her own behaviour. The task of the tribunal is to enquire into the facts available to the applicant and to determine whether in the light of those facts, the applicant's conduct in applying for the mark meets with acceptable standards of commercial behaviour (*AJIT WEEKLY Trade Mark* [2006] RPC 633, *FIANNA FAIL and FINE GAEL Trade Marks* [2008] RPC 454 and the cases mentioned therein). The Hearing Officer undertook precisely that exercise. He held that reasonable investigations would have revealed Pyroshield Limited and that the Opponents were still supplying PYROGEN products to the UK market before the application was made (decision, para. 48).

53. I am unable to find any error in the Hearing Officer's decision under section 3(6) and the fourth ground of appeal fails.

### **Conclusion**

54. In the result the appeal is unsuccessful. The Hearing Officer ordered the Applicants to pay the Opponents costs of £3,450 in respect of the opposition. I shall order the Applicants to pay the Opponents £1000 towards the costs of this appeal.

Professor Ruth Annand, 11 August 2008

Mr. Mark Chacksfield of Counsel instructed by Sanderson & Co. appeared on behalf of the Applicants/Appellants

Ms. Helyn Mensah of Counsel instructed by D. Young & Co. appeared on behalf of the Opponents/Respondents