

## **TRADE MARKS ACT 1994**

### **IN THE MATTER OF Trade Mark Registration**

**N<sup>o</sup>: 2213298 in the name of Molewood Garage Limited**

**and**

**An Application under N<sup>o</sup>: 12408 for a Declaration of Invalidity  
by Douglas James Robb.**

1. The proprietor of registration N<sup>o</sup> 2213298 is listed as Molewood Garage Ltd, Molewood Garage, Molewood Road, Hertford, SG14 3AQ, England, Great Britain. The goods specified with the registration are 'Cars' in Class 12 and 'Repair and maintenance of vehicles' in Class 37. The mark was applied for on 4<sup>th</sup> November 1999.
2. On 12<sup>th</sup> March 2001, Mr. Douglas James Robb applied for invalidation of the mark under s. 47(1) of the Act, alleging bad faith (s. 3(6)), and under s. 47(2), alleging an earlier right (s. 5(4)(a)). The Statement of Grounds was set out in these terms:

‘1. The Applicant is the proprietor of freehold land, the Title of which is filed at the Land Registry under No. HD185864 and being Molewood Garage, Molewood Road, Hertford, (SG14 3AQ). The Applicant acquired proprietorship thereof on 15 March 2000.

2. Prior to 15 March 2000, the Applicant had been associated since 1989 with the business carried on at Molewood Garage, namely, motor vehicle dealers and garage repair workshop. On 1 September 1998 the Applicant acquired the leasehold of the entire premises known as Molewood Garage when the previous owner retired, and on 15 March 2000 the Applicant bought the freehold of the land known as Molewood Garage.

3. In 1998 (or earlier) the Applicant rented out the workshop on the premises of Molewood Garage to a Mr Michael Edwards. On 17 December 1998 Mr Michael Edwards took it upon himself to incorporate a limited company as Molewood Garage Limited (“the Registrant”) under No. 3685297.

4. In or around May 1999 Mr Michael Edwards was given one month’s notice to quit the repair workshop which had been rented to him on a shared use basis. The notice to quit was ignored and consequently the Applicant was compelled to litigate in order to obtain possession of the premises from two Defendants, namely, Mr Michael Edwards and Molewood Garage Limited. The Applicant obtained a Consent Judgement dated 28 March 2000 for possession.

5. When making the application to register Molewood Garage under No. 2213298 (after being given notice to quit), the Registrant declared that the subject Trade Mark was being used by him or with his consent, in relation to the goods or services specified in the application, or there was a bona fide intention that it would be so used. In these circumstances, the Registrant clearly acted in bad faith and consequently the continued registration of the subject Trade Mark would be contrary to the provisions of Section

3(6) of the Trade Marks Act 1994.

6. All goodwill and reputation in the business carried on under the name Molewood Garage belongs to the Applicant and thus the continued registration of the subject Trade Mark No. 2213298 by Molewood Garage Ltd would be contrary to the provisions of Section 5(4)(a) of the Act.'

3. A Counterstatement provided by the Registered Proprietor (Molewood Garage Ltd.), which I set out in full below, denied the grounds asserted. Both parties ask for costs to be awarded in their favour.
4. The matter was to be heard on 18<sup>th</sup> June 2002. Mr. Terrance Rundle of Sommerville & Rushton appeared for the applicant. The Registered Proprietor did not attend.

#### Evidence

5. Molewood Garage Limited did not provide any evidence. However, Mr. Michael Edwards, its driving force, responded to the assertions in the Statement of Grounds in a Counterstatement as follows:

1/ Prior to 15 March 2000 the applicant has never been associated with the business of Molewood Garage carrying on the trade of motor vehicle dealers and garage repair workshop. The business was wholly owned and operated by Mr K Lewsey 9 Cedar Close, Hertford until his retirement.

2/ In July 1998 the holder of the trade mark Molewood Garage was approached by the applicant to rent the premises known as Molewood Garage there was no business to take over as the previous owner had taken all of that to his new employer. All goodwill was also taken.

3/ In September 1998 the defendant set out to create a business from nothing trading at first as Molewood Garage then as Molewood Garage Ltd.

4/ At all times the claimant was fully aware that Molewood Garage was trading as such. All invoices for rent due were made out to Molewood Garage.

5/ The applicant has always traded as Mr D Robb or Portvale Autos, a name used for the past 12 years and still used today.

6/ No goodwill or reputation in the name of Molewood Garage belongs to the applicant. Previously all goodwill belonged to Mr K Lewsey along with a considerable reputation. This was all taken with him on his retirement, all goodwill and reputation since September 1998 belongs to Molewood Garage Ltd.

7/ The defendants business is known as Molewood Garage and is registered as such with Companies House, Customs and Excise, Trading Standards and all local traders. Additionally national advertising mediums recognise the defendants business as Molewood Garage.'

6. The following is an extract from the Witness Statement of Mr. Robb (the applicant); it provides his history of events and was submitted after the Counterstatement:

‘Having set up a car sales/service business in 1986, I moved the business to Molewood Garage, Molewood Road, Hertford in 1988. The name Molewood Garage has been associated with these premises since the 1920’s. The Garage was owned by Mr. Ken Lewsey who ran the repair workshop whilst I ran the car sales business. Although my business traded as ‘Portvale Auto Services’, it was regarded as the car sales at Molewood Garage and built up a considerable reputation over the following 9 years.

During 1997 W. K. Lewsey talked of retiring and leasing me the whole of the premises. Although this did not actually take place until August 1998 I could see my continued future at the garage and so began advertising as Molewood Garage. In September 1998 I took the lease on the whole premises, followed by purchasing the Freehold in March 2000, gaining both title and goodwill. Therefore, my continual association with Molewood Garage spans some 13 years in dealing with both sales and repairs of motor vehicles.

Whilst leasing the whole of the premises, I let part of the workshop to a Mr. Michael Edwards in November 1998. Although allowing him to also use the garage name it was made clear that it was not for his exclusive use as, obviously, I too would be making full use of my ownership of the name. When I found that he had registered the name as a limited company early in 1999 I gave him notice to quit the premises. This he continued to ignore and I eventually had to take him to court to have him removed and to get rent arrears paid. This process took a further year during which time the extent of his arrogance and vindictiveness became more evident. The court finally gave him one month’ notice to vacate the premises in April 2000, together with £3,000 settlement in lieu of unpaid rent. During this period Molewood Garage Ltd enjoyed the continuing business of the original Molewood Garage. This was partly due to its location in a residential area but also due to the continuing goodwill from my purchase of the lease and my own long-term reputation at the premises.

Shortly after Mr. Edwards vacated the premises it was brought to my notice that he had in fact registered my garage name as his trademark literally two weeks before his eviction. His arrogance continued as he sent me letters stating that it was illegal for me to use my garage name. He also faxed various trade suppliers and advertising companies stating that he was Molewood Garage and that someone else in the local area was illegally using his name. He has in fact been told by all the local and most national advertisers that they will no longer accept adverts from him using my company name. Edwards generally created as much disruption for me and confusion for customers as he possibly could and still continues to do so. I was contacted by the local council and trading standards who informed me that Edwards was attempting to have the garage name removed and a street number allocated to the premises. He was advised that as he no longer had anything to do with the premises it was not his position so to do.’

7. The applicant encloses another Witness Statement from Mr. Terry Roy Rundle, his trade mark Attorney. This consists of material submitted to buttress Mr. Robb’s account of events. I note the following:

- A written statement from Mr. Ken Lewsey (Exhibit TRR5) , the erstwhile freeholder of ‘Molewood Garage, Molewood Road’:

‘I, Mr KEN LEWSEY, owned the freehold on Molewood Garage, Molewood Road, Hertford from 1985 until March 2000. From 1989 Mr Doug Robb also ran his car sales business from Molewood Garage and in 1998 Mr Robb took out a lease on the whole premises from me. In 2000, he bought the freehold with the Title and Goodwill associated with the garage.’

- In Exhibit TRR7 is a copy of an entry in HM Land Registry which shows that the applicant acquired the Freehold title to the Molewood Garage on 15<sup>th</sup> March 2000.
- In Exhibits TRR8 and TRR9 are the following statements from local newspapers, dated 23<sup>rd</sup> July 2001 and 24<sup>th</sup> July 2001, receptively:

‘Re: ... - Mr Doug J Robb Trading as Molewood Garage.

In reply to your faxed request for information regarding the above advertiser, our records indicate that the first advertisement using copy relating to Molewood Garage was published in the Herts & Essex Observer, Harlow Star, Hertfordshire Mercury, Star Classified, Hertfordshire Star and Lea Valley Star week ending November 27<sup>th</sup> 1998.’

‘We are a large group of newspapers covering the Hatfield and Welwyn area.

We can confirm that for the last three years we have handled the advertising for Mr D Robb as Molewood Garage, Molewood Road, Hertford.

Enclosed is a copy of the most recent ad.’

Other relevant material in Rundle’s Witness Statement, confirms aspects of Mr. Robb’s history of events as given in his Witness Statement. For example, the County Court Judgement evicting Mr. Edwards from Molewood Garage premises (Exhibit TRR6), and evidence of Mr. Robb’s Registered title to the property (Exhibit TRR7).

## Decision

8. S. 47 states:

‘47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

... .

(2) The registration of a trade mark may be declared invalid on the ground –

(a) ... , or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.’

### Bad faith under s. 3(6)

9. S. 3(6) states:

‘A trade mark shall not be registered if or to the extent that the application is made in bad faith.’

This clause has its origins in Article 3(2)(d) of the Directive the Act implements (Council Directive No. 89/104/EEC of 21<sup>st</sup> December 1988):

‘Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that ...

(c) the application for registration of the trade mark was made in bad faith by the applicant.’

The Directive gives no more clue as to the meaning of ‘bad faith’ than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. Mr. Rundle referred me to *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

‘I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.’

10. In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as ‘..to be equated with conscious impropriety.’ This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

‘In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others’ property.....The individual is expected to attain the standard which would be observed by an honest person placed in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is “guilty of

commercially unacceptable conduct in the particular context involved”: see *Cowan de Groot Properties Ltd v Eagle Trust plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others’ rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt .... Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.’

11. Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad faith also describes business dealings which, though not actually dishonest, still fall short of the standards of acceptable commercial behaviour. This includes conduct that is not knowingly fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. Commenting on the passage from *Gromax* reproduced above, in *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person stated:

‘These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.’

12. The test for bad faith is (as it is for dishonesty) an objective one. The Hearings Officer in *Application N<sup>o</sup> 9914 for the invalidation of the trade mark AUTONET* (SIRIS O-257-00), dated 26<sup>th</sup> July 2000, stated:

‘Mr. Edenborough accepted that the test could include an objective element, but in his submission, it is primarily a subjective test. Clearly, if the applicant can be shown to have known he was acting dishonestly a finding of bad faith is likely to follow. But there will be other cases where, on the basis of his own state of knowledge, values and standards, an applicant believes he is acting in good faith when most reasonable persons would disagree. It cannot be right for the matter to depend upon the morals and values of the applicant. The test must therefore include an objective assessment of the actions of the applicant in the light of the facts he or she was aware of at the time.’

And also in *Demon Ale* the Appointed Person stated:

‘I do not think that section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Philip Tan* [1995]2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.’

13. It remains the case, however, as stated by Mr. Simon Thorley Q.C., appearing as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] R.P.C. 24, at paragraph 31:

‘31 An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v. Associated Newspapers* [1970] 2 Q.B. 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1877-78) L.R. 7 Ch.D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of good faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.’

14. In summary of these various citations, ‘bad faith’ under s. 3(6) therefore, is a grave assertion to make against another: it is ‘fraud’, that is, the obtaining of material advantage by unfair means; dishonesty is obviously included, but not necessarily so: obliquity is enough. The test is objective: would a reasonable man consider the action taken to be in bad faith? Whether the person taking the action considers his action is such is, in this respect, irrelevant. Against this background, I wish to refer to one more case, and then turn to a consideration of the facts before me.
15. In the *Nonogram Trade Mark* [2001] R.P.C. 21 Decision, it was found that there was ‘..an onus on an applicant for registration to make the application in good faith...’ and, based on s. 3(6), and the declaration in s. 32(3), ‘...the applicant for registration at the date of application did not have the required locus to make the application or the ability to make the required statement [that is, in s. 32(3)].’. The Hearings Officer continued:

‘In all the circumstances it seems to me that the applicant for registration at the date of application could not claim to be the proprietor of the trade mark in respect of the goods for which registration was sought and therefore for the reasons set out I believe that their behaviour fell somewhat short of the standards of acceptable commercial behaviour. The application for registration was therefore in my view made in bad faith.’

16. The following events are undisputed:
  - ‘Molewood Garage’ has been associated with the premises at Molewood Road since the 1920s (Mr. Robb, Witness Statement, second paragraph);
  - 1985: Mr. Ken Lewsey purchases the freehold of the Garage; he carries on car repair business until his retirement in 1998 (Exhibit TRR5);
  - 1988: Mr. Robb sets up a car sales business, trading under the name ‘Port Vale Auto Services (Mr. Robb, Witness Statement, second paragraph);
  - August/September 1998: Mr. Lewsey retires and Mr. Robb takes out a lease on the premises (Exhibit TRR5);
  - September/November 1998: Mr. Edwards sets up car repair business, under a sub-lease, at the Garage premises (Mr. Edwards, Counterstatement, paragraph 3);
  - December 1998: Mr. Edwards registers the company name ‘Molewood Garage

Limited' (Statement of Case, paragraph 3);

- May 1999: Mr. Robb gives Mr. Edwards notice to quit (Statement of Case, paragraph 4);
- 4<sup>th</sup> November 1999: Mr. Edwards applies for registration of the mark in suit;
- March 2000: Mr. Robb acquires freehold of property and goodwill in name (Exhibit TRR5);
- 30<sup>th</sup> April 2000: Mr. Edwards is given one months notice to quit premises by court order (Exhibit TRR6).

17. At the hearing, Mr. Rundle placed emphasis on the fact that Mr. Edwards applied for the mark 6 months after he had been given notice to quit the premises by Mr. Robb, following the latter's discovery that the former had registered the company name Molewood Garage Limited.

18. However, against this, it is clear that well before this Mr. Robb actually sanctioned Mr. Edward's use of the mark (see paragraph 4 of Mr. Robb's Witness Statement); nevertheless Mr. Robb adds 'Although allowing him to also use the garage name it was made clear that it was not for his exclusive use as, obviously, I too would be making full use of my ownership of the name.'

19. It is this use that appears to have led Mr. Edwards' to consider that he had right under the mark. In his Counterstatement, he states that:

1/The business was wholly owned and operated by Mr K Lewsey ... until his retirement....

2/In July 1998 the holder of the trade mark ... was approached by the applicant to rent the premises known as Molewood Garage there was no business to take over as the previous owner had taken all of that to his new employer. All goodwill was also taken.

3/ In September 1998 the defendant set out to create a business from nothing trading at first as Molewood Garage then as Molewood Garage Ltd.

...

6/ No goodwill or reputation in the name of Molewood Garage belongs to the applicant. Previously all goodwill belonged to Mr K Lewsey along with a considerable reputation. This was all taken with him on his retirement, all goodwill and reputation since September 1998 belongs to Molewood Garage Ltd.'

20. From paragraph 3 of his Counterstatement, Mr. Edwards clearly believed that, when he applied for registration of the mark, he was the owner of the 'goodwill and reputation' in the name Molewood Garage. I discuss below, under 'passing off', why I believe this is mistaken, or at least unproven. And, of course, bad faith must be judged objectively, not on the basis of Mr. Edwards' own belief. The question remains as to whether Mr. Edwards acted recklessly, in relation to the rights of others, in applying for the mark.

21. There is obvious disagreement between the Counterstatement and the Statement of Grounds (and subsequent evidence), as to where the rights in the name lay at the date of application. However, Mr. Robb's Witness Statement was produced after the Counterstatement, and Mr. Edwards has submitted nothing challenging the events described there, though he clearly had opportunity to do so during the course of the evidence rounds.
22. In view of this, I accept the evidence in Mr. Robb's Witness Statement that he gave Mr. Edwards, early in 1999, notice to quit the garage premises when he found that he had registered Molewood Garage Limited as a company name – clearly Mr. Robb believed this was a breach of faith or trust - and that they were to share use of the mark. This casts doubt on the reasonableness of Mr. Edwards' belief that, when he applied for the mark, he knew that he was the true, sole proprietor of it.
23. Gathering together the facts of this matter, I think I must come to the conclusion that Mr. Edwards acted in bad faith in applying for the mark. I have come to this result as follows.
24. At best, Mr. Edwards had less than one year's trading under the name – and the extent and nature of this trade is undefined. Further, he admits that the goodwill in the name belonged to another (see paragraph 19 above), that is, Mr. Lewsey, who had used the mark for some 11 years previously. The issue of goodwill is discussed in more detail below (under passing off), but I do not find it tenable that Mr. Edwards could reasonably believe that the goodwill in the name, to a degree fixed to the garage premises, could be his possession alone at the date of application. Additionally, he was in the property as a sub-lessee, and had been told by the sub-lessor that use of the name was to be shared; there is evidence that Mr. Robb was using the name in trade in November 1998 (Exhibit TRR8), about the same time as Mr. Edwards set up business. Finally, some 6 months after Mr. Edwards was given notice to quit the business premises, because Mr. Robb discovered he had registered a Molewood Garage Limited as a company name, he applied to register the mark in suit.
25. All in all, in my view, it was simply unreasonable for Mr. Edwards to believe, at the application date, that he was entitled to the sole ownership of the trade mark, and it is unproven that he had any rights in it at all.
26. I note from the *R. v. Royal Enfield Trade Marks* case that for an allegation of a lack of good faith under section 3(6): 'Should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.' Though rarely possible, it is not impossible, and it seems to me that the circumstances set out here are an example. I think I am entitled to infer that Mr. Edwards has clearly acted recklessly in respect of the ownership rights of others, and in doing so his action amounted to commercial fraud. This ground succeeds.

#### Passing off under s. 5(4)(a)

27. The remaining ground relates to the common law of passing off, under s. 5(4)(a). This section states:

'(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) 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..’

28. I adopt the guidance given by the Appointed Person in the *Wild Child Trade Mark* [1998] RPC 455, at 459 to 461:

‘The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.’

A helpful summary of the elements of an action for passing off can be found in *Halsbury’s Laws of England* (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc.*[1990] R.P.C. 341 and *Erven Warnink BV v J Townend & Sons (Hull)Ltd* [1979] A.C. 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.” ’

29. The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. It is clear from Article 4(4)(b) that the earlier right had to have been acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed. The relevant date is therefore the date of the filing of the application in suit, here, 4<sup>th</sup> November 1999. In my view, this case turns on whether the applicant can establish a subsisting goodwill under the mark as of that date.
30. I note, first, that the tort of passing off does not protect trade marks *per se* (see, for example, *Burberrys v J. C. Cording & Co. Ltd* (1909) 26 RPC 693, at 701: ‘..apart from the law of trade marks, no one can claim monopoly rights in the use of a word or name’). Rather, it protects the goodwill in a business, for which a mark of trade is a token, or cipher or, as an American case puts it, goodwill is ‘.. a property right, for the protection of which a trade-mark is an instrumentality’ (*Prestonettes Inc. v Coty*, 264 US 359 at 368 (1924)).
31. Goodwill has been variously defined: famously in Lord Macnaghten’s ‘..the attractive force which brings in custom’ (*IRC v Muller & Co’s Margarine Ltd*. [1901] AC 217 at 223) but also as ‘Nothing more than the probability, that the old customers will resort to the old place’ (as per Lord Eldon in *Cruttwell v Lye*, (1810) 17 Ves 335 at 346).
32. Applying the principles cited in *Wild Child*, the onus is on the applicant (Mr. Robb) to show that, as of 4<sup>th</sup> November 1999, he possessed a goodwill in the mark MOLEWOOD GARAGE in the UK. The evidence proffered in this regard is not extensive. It consists only in terms of the statements made by Mr. Robb (contradicted by Mr. Edwards), and the two responses from the local newspapers. I do not believe that this is enough for me to conclude that a goodwill under the name existed, which Mr. Robb owned, when the mark was applied on 4<sup>th</sup> November 1999. If Mr. Robb has been trading under the name for 9 years, I cannot believe it would be difficult to show this via receipts, invoices, the advertisements and the like. At the hearing, Mr. Rundle said that Mr. Robb had been ‘associated’ with the name ‘..since 1998’. This is not the same as trading under it. Anyhow, Mr. Robb thought it necessary to purchase the goodwill from Mr. Lewsey, and would hardly have done so if he owned it already.
33. On the other hand, there is no evidence to show that Mr. Edwards developed goodwill in the name. He claims he ‘set out to create a business from nothing’ in September 1998

(Counterstatement, paragraph 3). This is not the same as saying he had goodwill under the name at the time of his application as Molewood Garage Limited. On the contrary, Mr. Edwards, as does Mr. Robb, states that it was Mr. Lewsey who was the owner of the goodwill in the same, at the date of his retirement in 1998. Mr. Edwards' assertion that Mr. Lewsey took the goodwill with him, when he retired, is unsupported by evidence.

34. Of course it is possible that Mr. Edwards could have developed 'goodwill' in his trade as a car mechanic following Mr. Lewsey's retirement; it is a property right which is created by marketing and trade and is preserved by the same. However, though it is possible that goodwill can emerge in a very short space of time, for example, in the context of very great exposure in the media (the *British Broadcasting Corporation v Talbot Motor Company Ltd.* [1981] FSR 228), it usually requires time and effort, unless there are special circumstances (see, for example, *Stannard v Reay* [1967] RPC 589).
35. To conclude such, would require evidence, and none was forthcoming from Mr. Edwards. In my view, based on the Statements of both parties to this dispute, it seems clear to me that any personal goodwill in the name of the Garage, that was not associated with the premises itself (with which Mr. Edwards certainly could not be identified), remained in the hands of Mr. Lewsey as of 4<sup>th</sup> November 1999. This is the right that Mr. Edwards' registration invaded.
36. Following from this finding, the likelihood of damage and misrepresentation, *quia timet*, is clear. By obtaining the registration, Mr. Edwards was granted an entitlement to use the name 'Molewood Garage' anywhere in the UK. Thus, he could set up a business near the existing premises under that very name and begin trading. The misrepresentation is obvious here, as is the damage, under the archetypal head of resultant loss of trade to the true owner of the goodwill. That Mr. Edwards was prepared to contemplate such action might be reasonably inferred from his attempt to have the normal address of the Garage changed (see Exhibit TRR 10).
37. I have thus come to the conclusion that an action for passing off, under s. 5(4)(a), would have succeeded at the date of application.
38. Under s. 47 I consider registration of trade mark N<sup>o</sup> 2213298 invalid on the grounds that it was registered in breach of ss. 3(6) and 5(4)(a). The applicant has been successful in these proceedings. Accordingly I direct that registration N<sup>o</sup> 2213298 be declared invalid and removed from the Register and, in accordance with Section 47(6), shall be deemed never to have been made.
39. On the matter of costs, at the hearing Mr. Rundle pointed out that Mr. Edwards had requested an extension of time for submission of evidence that never appeared, and that he had requested a hearing, which he did not then attend, which the applicant did not consider was necessary.
40. I think I must take into account these comments in assessing a costs award. I note, however, that I recommended a hearing was required in this matter, and Mr. Edwards followed that advice. However, he did not attend and has provided no explanation why he did not do so.

41. Against this background, and my finding of bad faith, I order that Mr. Edwards pay Mr. Robb £1600. This sum is to be paid within seven days the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 8th Day of July 2002.**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar, the Comptroller General**