

1 THE PATENT OFFICE

Room A2
Harmsworth House
13-15 Bouverie Street
London, EC4Y 8DP.

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Friday, 4th May 2001

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Before:

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MR. S THORLEY QC
(Sitting as the Appointed Person)

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In the Matter of the TRADE MARKS ACT 1994

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and

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In the Matter of Trade Mark Application No. 2031741 by EICHER LIMITED and opposition thereto under No. 45356 by Matthew Scott Holder

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and
Trade Mark No. 1514604 in the name of EICHER LIMITED and application No. 9188 by David Matthew Scott Holder for a declaration of individuality

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Appeal to the Appointed Person from the decision of Mr. M Reynolds, of 21st July 2000.

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(Computer-aided Transcript of the Stenograph Notes of Marten Walsh Cherer Ltd., Midway House, 27/29 Cursitor Street, London, EC4Y 1LT. Telephone No: 020 7405 5010. Fax No: 020 7405 5026.)

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MS. M HEAL (instructed by David Keltie Associates) appeared on behalf of the Applicant/Registered proprietor.

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MR. M EDENBOROUGH and MS. BONATIBUS (instructed by Forrester Ketley & Co.) appeared on behalf of the Opponent/Applicant for validity.

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J U D G M E N T
(AS APPROVED)

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1 THE APPOINTED PERSON: This is an application by Eicher Limited
2 (Eicher) pursuant to section 76(3) (c) of the Trade Marks Act
3 1994 to transfer this appeal to the High Court. This appeal
4 is an appeal to the Appointed Person by Mr. Holder, who trades
5 as the Velocette Motor Cycle Company, from a decision of
6 Mr. Reynolds, the officer acting for the Registrar, given in
7 opposition and invalidity proceedings brought by Mr. Holder.
8 The opposition proceedings are to the registration of an
9 application by Eicher to register the words "Royal Enfield" in
10 a particular script in class 12. The invalidity proceedings
11 are against another mark registered in class 12, which
12 contains among other things, the words, "Royal Enfield". The
13 full history of this matter is given in Mr. Reynolds' decision
14 and it is not necessary, for present purposes, to go in any
15 great detail into the history. It is sufficient to say this,
16 that for about the first 70 years of the last century, Royal
17 Enfield Motor Cycles were successfully manufactured and sold
18 in this country and there is no dispute that, as a result, a
19 substantial and valuable goodwill was created. Mr. Holder
20 contends that in 1970 or thereabouts, the company responsible
21 for manufacturing the Royal Enfield motor cycles, Enfield
22 Cycle Company Limited, ceased manufacture. Mr. Holder
23 contends that the surviving reputation was acquired by his
24 father in 1971 and that since 1971, his father and then he,
25 have used the name Royal Enfield in relation to the production
26 and sale of spare parts and replacement parts for Royal

1 Enfield motor cycles. On the basis of this, the grounds of
2 opposition were two: First of all, under section 5(4) of the
3 Act, that any proposed use of the trade marks would be liable
4 to be prevented by the law of passing off; secondly, under
5 section 3 subsection 6 on the grounds of bad faith. Nothing
6 turns on the latter so I shall not consider it further.

7 As indicated, Eicher are the registered proprietor of
8 the earlier Royal Enfield mark and the applicant for the later
9 one. They claim to be successors in business to a company,
10 Enfield India Limited, who originally assembled Royal Enfield
11 motor cycles in India and thereafter manufactured them.
12 Eicher claim to have exported some of those motor cycles to
13 the United Kingdom for a number of years.

14 So far as concerns the issue under section 5(4), Mr.
15 Reynolds concluded on page 14 of his decision, after reviewing
16 all the evidence, that Mr. Holder could not claim the goodwill
17 necessary to found an action under section 5(4)(a).
18 Accordingly, the opposition and invalidity suits failed. It
19 is against that decision that Mr. Holder seeks to appeal to
20 the Appointed Person. Plainly, nothing that I say today has
21 any bearing upon whether the finding was correct or incorrect
22 or whether the appeal will succeed or will not succeed.
23 However, although the finding I have just referred to was
24 sufficient to dispose of the matters, Ms. Heal, who appeared
25 for Eicher before Mr. Reynolds and on the hearing before me
26 today, raised certain other grounds in support of her client's

1 claims. Mr. Reynolds proceeded to give his views on those
2 matters. It is in relation to those views that Ms. Heal seeks
3 an order that this appeal be referred to the High Court. This
4 is covered by section 76(3) of the Act, which states:

5 "Where an appeal is made to an appointed person, he may
6 refer the appeal to the court if, (a) it appears to him that
7 point of general legal importance is involved, (b) the
8 Registrar requests that it be so referred, or (c) such a
9 request is made by any party to the proceedings before the
10 Registrar in which the decision appealed against was made.
11 Before doing so, the appointed person should give the
12 appellant and any other party to the appeal an opportunity to
13 make representations as to whether or not the appeal should be
14 referred to the court".

15 Plainly in the present case the application is made
16 under section 76.(3)(c). The Registrar has not made any
17 request and has made no observations one way or the other.

18 Both parties accepted that the correct approach to the
19 question of whether or not to refer was set out in my decision
20 in **Academy** Trade Mark [2000] RPC 35, where I referred to an
21 earlier decision of Matthew Clarke QC, sitting as an appointed
22 person in **AJ and AM Levy's** trade mark [1999] RPC 291. It is
23 convenient to set out paragraphs 9 to 15 of that decision.

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25 9. The provisions of the Act providing for a right of
26 appeal to the Appointed Person are significant in that they
provide for a quick and cheap method of testing any decision
of the Registrar. The fact that no appeal lies from the

1 decision of the appointed person enables finality at an early
2 date. The Act however expressly provides for appeals to the
3 Appointed Person to be referred to the court and I have gained
4 assistance in considering the circumstances in which the
5 Appointed Persons should refer by some observations of Matthew
6 Clarke QC acting as one of the Appointed Persons in **A J and M**
7 **A Levy's Trade Mark No. 1343470**, a decision given subsequent
8 to a hearing on July 2, 1998. (Now reported at [1999] RPC
9 291).

10 10. In that decision, Mr. Clarke referred to the court
11 the question of whether there was a residual discretion under
12 section 46(1) of the 1994 Act to allow a trade mark to remain
13 on the register in a case where there had been no genuine use
14 of the registered trade mark and no proper reasons had been
15 established for its non use. Mr. Clarke stated:

16 "At the hearing before me, Mr. J Pennant, agent for the
17 applicant submitted that the appeal should not be referred to
18 the High Court. He emphasised that his client was a private
19 individual who had deliberately elected to use the appeal
20 procedure for the Appointed Person under section 76 of the
21 1994 Act so that a quick, final and relatively inexpensive
22 decision on the matter of revocation could be obtained. If
23 the matter were now to be referred to the High Court, that
24 objective could be defeated since there would then be the
25 prospect of further appeals and possible reference to the
26 European Court of Justice, with all the attendant additional
costs and delay that would involve. (It would of course be
competent for the Appointed Person if so advised to refer the
issue to European Court of Justice). Mr. Pennant stressed
that there would be many new questions of law arising from the
provisions of the 1994 Act and it would be appropriate that
the Appointed Person should seek to deal with these as and
when they arise".

11. Mr. Clarke then went on to cite section 76(3) and
continued:

"On my reading of those provisions, even if the
Appointed Person himself did not consider that a point of
general legal importance is involved, he may refer the appeal
to the court where a request is made by either the registrar
or one of the parties, after he has heard representations
relating thereto. Having said that, I am firmly of the view
that the power to refer under section 76 should be used
sparingly, otherwise the clear object of the legislation to
provide a relatively inexpensive, quick and final resolution
of appeals by a specialist tribunal would be defeated.
Moreover, I am of the opinion that it will normally be a
matter of particular significance if the Registrar requests
the Appeal to be referred because he considers that it raises
a point of general legal importance".

12. In that case Mr. Clarke directed that the appeal be
referred to the court because the question of residual
discretion was not the subject of any authoritative guidance

1 and because it raised an issue of wide general importance.
2 It should be noted that he rejected an attempt by counsel to
raise an additional ground for reference as follows:

3 "Counsel also attempted to persuade me that there was
4 another reason why the appeal should be referred to the High
5 Court and that was that the Hearing Officer had concluded that
6 there had been no genuine use by the registered proprietors of
the mark in respect of cigarettes. His clients wished to
7 challenge that decision having regard to the evidence that
8 they had placed before the Hearing Officer. I should make it
9 clear that I would not have decided to refer this appeal to
10 the High Court simply to enable that point to be raised".

11 13. I accept and intend to apply the principles set out
12 by Mr. Clarke. Whilst it is not essential for a reference
13 that a point of general legal importance is identified, the
14 power to refer should be used sparingly and I anticipate that
15 it will be rare in the extreme that a reference is made in
16 circumstances where a point of general legal importance cannot
17 be identified. The attitude of the Registrar is important but
18 not decisive. The registrar's officers have considerable day
19 to day experience in matters relating to trade mark
20 registrations and applications for revocation. Their views as
21 to whether a particular point is a point of general legal
22 importance should be given great weight.

23 14. So also should consideration be given to the views
24 of the party not seeking to refer. The relative importance of
25 cost and expense to that party should be taken into account.
26 Where that party is a large corporate entity, the necessary
cost and expense of legal advisers is, perhaps, of less
significance than in the case where the party in question is
an individual or a small company or partnership, which has not
gone and does not wish to go to the expense of employing legal
advisers.

18 15. Finally I believe it is proper to have regard to
19 the public interest. There are plainly two conflicting public
20 interests. One is the public interest in having the
21 uncertainty of a pending application for a trade mark or a
22 pending application for revocation disposed of finally at the
23 earliest possible date, so that not only the parties but rival
24 traders may know the state of the Register, but, equally,
25 there is a public interest that important point of law are
26 decided by the higher courts.

23 As can be seen, the primary consideration is whether or
24 not a point of general legal importance can be identified.
25 Indeed, Ms. Heal did not seek to argue that this was one of
26 the rare cases where a matter should be referred if a point of

1 general legal importance could not be identified.

2 She addressed me on four potential points of general
3 legal importance, which were originally set out in a letter
4 dated 16th November 2000 from her instructing trade mark
5 attorneys, David Keltie Associates and then repeated and
6 expanded upon in her skeleton argument. These are as
7 follows:

8 (a): "Whether Enfield Cycle Company of Redditch England
9 (ECC) assigned the goodwill in the Royal Enfield trade marks
10 to Enfield India by reason of passing off by Enfield India in
11 the UK going unrestrained so that after ECC went into
12 liquidation the goodwill in the trade marks continued in
13 Enfield India, the predecessor entitled to our client -
14 See Wadlow, para 2.78, Defacto Assumption Adverse Possession,
15 and page 15 of the Decision". (The reference to Wadlow being
16 a reference to Christopher Wadlow, the Law of Passing Off,
17 second edition).

18 (b): "If so, whether use of the trade marks by
19 Mr. Holder in selling spare parts to keep classic Royal
20 Enfield Motor Cycles was use that accrued to the goodwill
21 owned by Enfield India and ultimately our client, rather than
22 Mr. Holder - see paragraph 16 of the Decision".

23 (c): "Whether carrying on business in the sale of spare
24 parts of itself gives rights in any trade marks that are
25 used. See page 13 of the Decision".

26 (d): "If the business was not simply that of retailing

1 spare parts but also their manufacture, whether that fact
2 would alter the position. See page 13 of the decision".

3 I shall start with (d). Ms. Heal accepted after some
4 discussion that this was a small point and that if sufficient
5 points of general legal importance were not raised by (a) to
6 (c), she could not succeed under (d) alone.

7 I agree, and I therefore do not intend to consider (d)
8 further.

9 So far as concerns (a), Ms. Heal amplified upon this
10 before me and contended that there were two aspects: First of
11 all, the question of adverse possession and whether adverse
12 possession could in any circumstances entitle the possessor to
13 inherit the goodwill of the possessed.

14 Secondly, she said that this would be a stronger
15 argument if it were possible to demonstrate consent. The
16 passage in Wadlow, on which she relied, reads as follows:

17 "It may happen that what appears to the public to be
18 one continuous business has in fact been carried on by two or
19 more unconnected persons in succession. This may happen by
20 agreement, by coincidence or as a result of passing off going
21 unrestrained. If the succession is by consent it may be
22 reasonable to infer an assignment of the goodwill in the old
23 business. If not, then although there appears to be no
24 express authority there is no reason to believe that any
25 surviving goodwill of the old business accrues to the new.
26 The new business may generate goodwill of its own, but the

1 goodwill of the old business is simply extinguished".

2 The only English authority that Mr. Wadlow is able to
3 cite is the case of **Pink and Sharwood**, [1913] 30 Reports of
4 Patent Cases 7.25, which was a case where the surviving
5 reputation of the receiver of an insane person was not, on the
6 facts, capable of being inherited by the alleged insane
7 person, when he restarted his business. Nonetheless, on the
8 basis of Mr. Wadlow's observations, Ms. Heal said there was a
9 point of legal importance that needed to be answered in this
10 case.

11 Mr. Edenborough, who appeared on behalf of Mr. Holder,
12 observed that the law of passing off has been in existence for
13 many years and that although this may be a question of
14 interest to lawyers, it was not one that was of sufficiently
15 general legal importance for the simple reason that it had not
16 arisen. I can see the force in this. Although the origins of
17 the law of passing off are a matter of some debate amongst
18 legal historians, certainly since **Millington and Fox** in 1838,
19 it has been clear that the courts will intervene to protect
20 the misuse of a reputation without proof of deceit.
21 Therefore, for well over 150 years, this point has not arisen
22 for decision. Equally, Mr. Wadlow's comments are not founded
23 upon any authority. The only authority (insofar as it gives
24 any guidance) appears to give guidance contrary to Ms. Heal's
25 submissions. I do not believe that a decision on this point,
26 even if it turns out to be necessary on this appeal, would, in

1 the process of time become anything other than, at best, a
2 legal curiosity. I think it is more likely to disappear into
3 well deserved obscurity, save, perhaps, in subsequent editions
4 of Mr. Wadlow's book. I am therefore not satisfied that this
5 point, although it is a point that may arise for decision, is
6 a point of sufficient legal importance to warrant my
7 transferring this appeal.

8 Insofar as an argument is to be developed upon a
9 question of consent, and the transfer of reputation by
10 consent, Mr. Edenborough suggested this was primarily a
11 question of fact, and I agree. I do not believe that there
12 is any serious issue of law that arises once the facts have
13 been determined.

14 I turn then to (b) and (c), which I believe can be taken
15 together. Ms. Heal said that any law on spare parts was
16 singularly lacking. There was, she said, no decision as to
17 the extent to which a dealer in spare parts created goodwill
18 and the extent to which that goodwill would accrue to the
19 owner of the trade mark and/or enhance the reputation of the
20 manufacturer of the original goods, as opposed to the dealer
21 in the spare parts. Again, it seems to me that this is, in
22 essence, a question of fact. Once the facts are finally
23 determined, the question of to whom the reputation accrues,
24 whether to the manufacturer or the dealer in spare parts or
25 both, will be ascertainable. Again therefore, I am not
26 satisfied that any point of general legal importance arises.

1 As indicated in my decision in **Academy**, that is not
2 necessarily an end of the matter, but in this case I believe
3 it is.

4 Mr. Edenborough suggested I should be conscious of the
5 fact that his client wished to appeal to this tribunal and not
6 to the High Court; that he was in a small way of business;
7 that he had chosen to retain as his advisors experienced trade
8 mark agents but local to him in Birmingham, and that it would
9 therefore be unnecessarily burdensome on him to refer the
10 matter against his wishes. While these are obviously points
11 that I can take into account, I do not believe it is necessary
12 to do so, since on the facts of this case, I can identify no
13 proper general point of general legal importance and therefore
14 it would be a wrong exercise of my discretion to refer in any
15 case.

16 Finally, I should deal with one submission of
17 Mr. Edenborough, which is that the reference in section
18 76(3)(a) to a point of general legal importance should be
19 limited to questions of trade mark law. Although it does not
20 arise for consideration in the present case, my preliminary
21 view is that that is entirely wrong. In the present case, the
22 issues of passing off arise expressly because of the language
23 of section 5(4) of the Trade Marks Act and, equally, questions
24 of copyright law may arise under other provisions. The
25 question that has to be determined under section 76(3) is, in
26 my judgment, a very general one: Is there a point of general

1 legal importance that would be better decided in the Courts
2 because of its importance. As I say, that question does not
3 arise for decision in this case. I therefore refuse this
4 application.

5 MR. EDENBOROUGH: Thank you sir. You have seen from my skeleton
6 argument, I have asked for a contribution towards costs of
7 this application.

8 THE HEARING OFFICER: Yes.

9 MR. EDENBOROUGH: Sir, I urge that upon you. I think it would be
10 only appropriate it be upon the scale, so I will not ask
11 outwith the scale. It is only a short interlocutory
12 application, but every bit helps.

13 MS. HEAL: I have no submissions to make on costs.

14 THE HEARING OFFICER: I think it is appropriate that, having
15 failed, that you should pay costs. I think it is appropriate
16 also that it should be on the relevant scale. I therefore
17 direct that there be a contribution of £400 in respect of the
18 costs of this application.

19 MR. EDENBOROUGH: Can I ask for clarification of within what
20 period that should be paid?

21 THE HEARING OFFICER: I will make no order as to payment until
22 after the hearing of the appeal and then any orders can go
23 together. I should say this application has been delayed
24 through no fault of the parties. I think this hearing ought
25 to come on as soon as possible. I am taking a selection of
26 appointed person cases at the beginning of July. I do not

1 know if a convenient date can be fixed for that, but I will
2 not do it now.

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