

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2213545
OF THE TRADE MARK :**

ROCKWALK

IN THE NAME OF YAN SHU ZHOU

**AND THE APPLICATION FOR RECTIFICATION OF THE REGISTER
UNDER NO 11926
BY WALKERLAND INTERNATIONAL LTD**

**In the matter of registration no 2213545
of the trade mark: ROCKWALK
in the name of Yan Shu Zhou
and the application for rectification of the register
under no 11926
by Walkerland International Ltd**

Background

1) On 14 September 2000 Walkerland International Ltd (WIL) applied for the rectification of the register in respect of registration no 2213545 of the trade mark **ROCKWALK**. This registration had been applied for and registered in the name of WIL. The registration was assigned with effect from 26 May 2000 to Yan Shu Zhou. WIL wish the registration to be recorded as being in their ownership.

2) WIL state that on 31 May 2000 the agents acting for Mr Zhou filed a form TM16 to effect the recordal of the transfer of the registration in suit. The agents signed on behalf of WIL as their representative but had no authorisation to do so and so the form TM16 should not have been actioned.

3) Mr Zhou filed a counterstatement in which it was stated that the transfer of ownership was duly and properly authorised and that the form TM16 was valid.

4) Both parties seek an award of costs.

5) Both parties filed evidence.

6) The matter came to be heard on 16 July 2002 when the applicant was represented by Ms Leno of Forrester Ketley & Co and the registered proprietor was represented by Mr Myrants of Trade Mark Consultants Co (TMC).

Decision

7) The relevant provision in relation to this application for rectification is section 64 of the Act which reads:

“(1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:

Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.

(2) An application for rectification may be made either to the registrar or to the court, except that——

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.

(4) The registrar may, on request made in the prescribed manner by the proprietor of a registered trade mark, or a licensee, enter any change in his name or address as recorded in the register.

(5) The registrar may remove from the register matter appearing to him to have ceased to have effect.”

8) WIL being the previous registered owner and believing that they should still be recorded as the registered proprietor have the requisite “sufficient interest”. The amendment of the ownership of the registration does not effect the validity of the registration. If Mr Zhou was incorrectly recorded as the owner of the registration in suit this is an error on the register. The provisions of section 64 can, therefore, apply to this application.

9) Mr Joseph Yu for WIL and Mr Yan Shu Zhou have supplied evidence in relation to these proceedings. A large amount of the evidence deals with the issue of ownership of the trade mark. I cannot see that this is germane to the issue before me. The issue I have to consider is whether the agents for Mr Zhou had the power to request the transfer of the registration in suit. This is also the sole issue that is raised in the statement of case of the applicant. It is also to be noted that a large amount of the evidence deals with a dispute as to the ownership of another trade mark – WALKERLAND – and so does not have a direct bearing upon these proceedings.

10) Mr Zhou considers that he had the power to instruct TMC to apply for the transfer of the registration in suit. Mr Yu disputes this.

11) Mr Zhou states that WIL was set up on the basis that he would control and manage the company as its managing director. Mr Yu exhibits at JY2 of his first statement documentation in relation to WIL. This shows the WIL is a private company limited by shares. On 26 May 2000 the company secretary is shown as being Simon Yue. At this date there were two directors: Mr Yu and Mr Zhou. The company had one hundred shares, 99 in the name of Mr Yu and 1 in the name of Mr Yue.

12) I have no documentation that shows that Mr Zhou controlled WIL or could decide unilaterally on the actions of WIL. On the basis of the evidence before me I find that WIL is an independent and properly constituted company.

13) The issue then reduces to whether Mr Zhou in his capacity within WIL could have requested the transfer of the trade mark which was the property of WIL. Mr Yu clearly did not authorise the transfer. In his first statement Mr Yu states that Mr Zhou was only appointed as a director to look after the collection and payment of money back to Liaoning Light Industrial Products Import & Export Corporation (LLI) in China. Mr Zhou is an employee of LLI which has supplied footwear to WIL for sale in the United Kingdom. I do not see why he would have needed to have been made a director to fulfil these functions. In the letter dated

25 May 2000 from Philip Kaye & Co to Mr Zhou, exhibited at JY5 to the first statement of Mr Yu, he is required to return cheque books, paying-in books, keys to the premises and all company records that he was holding. This indicates to me that Mr Zhou's rôle in the business of WIL was greater than that claimed by Mr Yu.

14) Mr Zhou describes WIL as his "old UK company". Mr Zhou states: "My task, whether acting personally or through a trading company, has always been to solicit orders from wholesale as well as retail customers in the UK, liase with my Chinese company and be responsible for various business aspects, including supervising payments from customers." Mr Zhou describes WIL as a United Kingdom trading company whose purpose was to carry on the specific business of marketing the WALKERLAND safety footwear of LLI. He states that it was always understood that he would, as LLI's sole authorised representative, be in control and manage WIL. Mr Zhou states that he was managing director of WIL. Mr Zhou states that WIL was to be jointly owned by himself and Mr Yu and they would be the only two officers of the company. He states that he had no proof that this was the set up as Mr Yu undertook to look after the formalities of share allocation and appointment of officers. Mr Zhou states that he did all the work for WIL. He states that he believed that he was the managing director and 50% shareholder in WIL.

15) Mr Zhou states that on 1 February 2000 he had a meeting at the offices of Mr Yu's accountants with Mr Yu and his accountant Mr Dua. Mr Zhou states that Mr Dua gave him the appropriate form to sign to consent to being a director. He states that there was a discussion at which it was agreed that he and Mr Yu should each hold 49% of the shares and Mr Dua 2%. He states that he has since discovered that the shares were not allocated in this manner but as stated in paragraph 11 of this decision. Mr Zhou states that he paid for the incorporation of WIL. Mr Zhou states that Mr Yu did not have access to company stationery and could not sign cheques. Mr Zhou states that as a director of WIL he was empowered to execute the assignment of the registration in suit to himself.

16) Mr Zhou makes many statements and claims. They may be true. However, they are not substantiated with documentary evidence. His narrative of the meeting with Mr Yu and Mr Dua is not supported by any documentation. LLI have not requested that Mr Dua be called to give evidence in these proceedings.

17) In Mr Yu's second witness statement he states "It was in 1996 that I thought of the name WALKERLAND and started to make samples". Mr Zhou's second declaration includes invoices from LLI from 24 January 1995 to a company in Japan for WALKERLAND rubber boots. This would seem to undermine Mr Yu's claim. I refer to this as it does mean that I have to carefully consider the weight that should be accorded to the statements of Mr Yu.

18) In Mr Zhou's first statement he states that "it was decided to establish a UK trading company to carry on the specific business of marketing the WALKERLAND safety footwear of my Chinese company". However he then goes on to state, "The mark ROCKWALK is my own. I thought of it and had every intention of allowing my old UK company to use it in due course for a different range of safety footwear to be supplied by my Chinese company." So first Mr Zhou states that the purpose of WIL was to market WALKERLAND goods, he then de facto states that the company was not limited to this purpose. I feel some circumspection must be exercised in dealing with the statements of Mr Zhou owing to the apparent lack of internal consistency.

19) Mr Zhou states, “I certainly saw no reason for informing Mr Yu about the assignment of the mark back to myself because by that time too many irregularities on the part of Mr Yu had come to my attention. I was in my right to do this as a director of the company.” So Mr Zhou effectively states the transfer was a unilateral action of which the major shareholder of WIL was not advised.

20) In the counterstatement TMC state “it is stated that, as from the date of assignment, Trade Mark Consultants Co. ceased to act for the Applicant and has instead acted for the proprietor”. This strikes me as a matter that is to be carefully considered. The agents for Mr Zhou state that as soon as they had transferred the property of WIL to a third party they ceased to act for WIL. The date of the signing of the TM16 was 25 May 2000. However, in a parallel case – rectification no 11925 -TMC make the same statement in relation to acting for WIL but in that case the form TM16 was signed on 7 May 2000. I am not sure how I can tally these two contradictory statements.

21) Mr Zhou writes much about his control of WIL. He gives the impression that he is WIL. It strikes me as anomalous to this position that he was not aware of the basis of the establishment of WIL and the distribution of shares and company positions.

22) The filing of form TM16 simply represents advising the registry of a change in ownership; the transfer of property. It is surprising to me that no written form of assignment between WIL and Mr Zhou has been furnished by Mr Zhou. If the ownership has been transferred it would normally be expected that such a document had been completed to show the assignment. Not only has no such document been furnished but there is no claim that any such document has ever existed. Mr Zhou states that after discovering the “skulduggery” of Mr Yu he assigned the trade mark in suit to himself. This strikes me as an admission that he did not seek the approval of WIL for the assignment. He transferred the property from the company to himself.

23) I have to consider whether Mr Zhou had the authority to transfer the ownership of the trade mark in suit or whether he was authorised so to do. There is nothing in the evidence that confirms that he was able to dispose of this property. This is a complete absence of documentation to show that he was authorised specifically by WIL to transfer the ownership of the trade mark. His own statement as to why he had the registration transferred seems to be bereft of any realisation of the difference between the property of a company and the property of a director of a company.

24) The declarations of Mr Zhou indicate a clear dispute as to who is the rightful owner of the trade mark in suit. The issue of contested entitlement to ownership to a trade mark is one that can only be dealt with by the filing of a rectification or invalidity action either before the Patent Office or before the Court. This was not the action that was followed. Effectively the filing of TM16 circumvented the process.

25) Both parties have made numerous assertions and allegations. However, few of these have been substantiated by evidence and none of them have been tested by cross-examination. In relation to the claims made by Mr Zhou about his running WIL, being the managing director, paying the rent for the trading premises, writing all cheques, these are matters for which one could expect documentary substantiation. Records of payments, cheques, statements from customers could have been produced. None have been. If certain of the documents were in the possession of WIL, LLI could have requested a disclosure order to have these given up

into the proceedings. There has been no request for disclosure. Mr Zhou may have been in the position that he states but I have no evidence to this effect. Even if he was it is another matter to be able to assign the intellectual property rights of WIL without the agreement of the other director and the company secretary; especially when the other director is the majority share holder. Mr Zhou states that the position of Mr Yu in the company was arrived at through skulduggery. I don't know if this is the case. What I do know is the reality of the company structure from the returns to Companies' House.

26) Mr Myrants argued that as Mr Zhou had signed the application form for WIL he could equally well assign the trade mark. I do not believe that this is a natural corollary. Mr Zhou may well have been authorised to make the application. It does not follow that he was authorised or had the intrinsic authority to dispose of the registered trade mark.

27) I do not find that Mr Zhou was authorised by WIL to transfer the ownership of the trade mark in suit. I also cannot find from the evidence before me that he had the intrinsic authority in his capacity with WIL to dispose of their intellectual property. I find that the request for the transfer of ownership of the registration was not authorised by the owner of the registration. Consequently the recordal of Mr Zhou as the owner of the trade mark is an error on the register. I order that the transfer of the ownership shall be deemed to never have been made and that the registration in suit should be recorded as being in the ownership of Walkerland International Ltd. (It is also to be noted that Forrester Ketley & Co are to be recorded as the agents of record for WIL.)

28) As I have indicated above the issue before me is not one as to the rightful ownership of the trade mark. It is whether the request for transfer of the ownership was valid. It is important to the efficient maintenance of the register that forms TM16 are only filed where there is a clear authority from the owner of the registration so to do. In order to make the system easier for owners and their agents the Office has removed the requirement for supporting documentation in relation to transfers of ownerships. The quid pro quo of this easing of the system must be certainty in relation to the validity of forms TM16.

29) The contradictions and inconsistencies in the evidence has led me to doubt some of the statements of both parties. This is a case where the cross-examination of the two protagonists would probably have been of assistance. However, there was no request for cross-examination. In *Scandecor Development AB v Scandecor Marketing AB* [1999] FSR 26 the Court of Appeal warned that where there is no agreement which regulates the parties' rights, the problem:

“is ultimately soluble by a factual enquiry [with] all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome.”

This case is a further example of that problem described by the Court of Appeal.

30) The applicant having been successful he is entitled to a contribution to his costs. In deciding upon the sum to be paid I have taken into account that substantially similar evidence was filed in respect of three sets of related proceedings. I order the registered proprietor to pay the applicant the sum of £1,500. This sum is to be paid within seven days of 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 19TH day of July 2002

**D.W.Landau
For the Registrar
the Comptroller-General**