

MR HOBBS: It appears from the papers before me that Mr Hassan Assali and Mr Abboudi Rahman collaborated with one another in a business relationship over a period of years down to 1995. It is not entirely clear what the relationship was or how it operated. It is sufficient for present purposes to say that on 25th August 1995, there was a meeting in London at which Mr Michael Moore, a chartered accountant and a partner in the firm of Larkings Chartered Accountants of Canterbury, met with Mr Assali and Mr Rahman to discuss the formation of a new company to manufacture and market vehicle engine oil recyclers of a design that was, at that stage, still under development.

For that purpose, Pinmore (UK) Limited was incorporated in England under number 03104101 on 20th September 1995. Mr Assali was the managing director of the company. He was also a shareholder, as was Mr Rahman.

It appears from the papers before me that by about early 1996 the proposed new products were being referred to as Pinmore recyclers. Pinmore (UK) Limited appears to have been activated in September 1996. Bank statements relating to its account at the Arab Bank Plc, Kensington High Street Branch, show that a deposit of £1,000 was made to the credit of the company's accounts on 5th September 1996. The statements also show that transactions on that account continued down to 30th April 1997 when the company was overdrawn by a figure of £832.55.

In a report dated 16th September 1996, Mr Nicholas Watkins of Fiduciaire Idosuez SA noted that Pinmore oil

recycler and electronic management units were being manufactured in China and put together in the United Kingdom before being despatched to agents and customers as working units.

An article about the recyclers appeared in the science and technology section of The Economist published on 23rd November 1996.

In a letter dated 27th November 1996 from Luo Shaozhi of CMEC Engineering Machinery Import and Export Company Limited of Beijing to Mr Assali, it was confirmed that the word PINMORE was being stamped, or embossed, on the covers of recycler units, then under manufacture in China, with the N reversed, as if in cyrillic form.

The Business Times of India carried an article on 4th January 1997 reporting on the Pinmore recyclers, It stated that some 6,000 recycler units had already been sold and that Pinmore had high hopes for the future. The figure of 6,000 units may or may not have been entirely accurate. It nevertheless appears at that stage a significant number of units had been marketed by Pinmore (UK) Limited.

By January 1997 the business relationship between Mr Assali and Mr Rahman appears to have deteriorated to the point of open hostility.

On 27th January 1997 Mr Assali incorporated a new company under the name of Pinmore UK 1997 Limited. He appears to have done so with a view to furthering his own interests in the commercial exploitation of the Pinmore recyclers,

independently of Pinmore (UK) Limited.

Prompted by the discovery of that and other matters, Mr Rahman brought proceedings against Mr Assali in the Chancery Division of the High Court in London under the reference CH 1997 R No: 1141.

On 24th March 1997 Ferris J made an order in that action which was intended to protect and preserve the assets of Pinmore (UK) Limited from being siphoned off by Mr Assali for his own benefit. A copy of that order is annexed as Annex A to this decision.

In an application received at the Trade Marks Registry on 25th March 1997 Mr Assali applied in his own name to register PINMORE (with the N reversed) as a trade mark for use in relation to electronic oil recycler and oil cleaning and reclamation equipment in Class 7 and installation, repair and maintenance of electronic oil recycler and oil cleaning and reclamation equipment services in Class 37.

It appears that at some stage in April or May 1997 some 12,000 recycler units landed at Felixstowe. They had been manufactured in China by CMEC Engineering Machinery Import and Export Company Limited "to the order" of Pinmore (UK) Limited, although there is some uncertainty as to what that might specifically have meant in terms of Pinmore (UK) Limited's involvement in the transaction. I understand from the evidence before me that these units were marked with the word PINMORE with the N reversed.

When the units arrived at Felixstowe they were impounded

by Customs & Excise pursuant to a request for detention which Mr Assali had filed on 10th April 1997 as proprietor of the pending application for registration of the mark PINMORE.

Top High Development Limited, a company in some way connected with Mr Rahman, then brought an action for malicious falsehood and trade libel against Mr Assali in the Chancery Division of the High Court under reference number CH 1997 T No: 2883. The action was brought on the basis of injury to the plaintiff's commercial interests in the sale and distribution of the impounded items.

On 23rd July 1997 Jacob J accepted certain undertakings from Mr Assali and granted certain declaratory relief against him with a view to making it clear that he, Mr Assali, did not own rights of the kind or extent that he was publicly professing to own. A copy of the order made by Jacob J on the 23rd July is annexed as Annex B to this decision.

Pinmore (UK) Limited had been put into liquidation in June 1997. I understand that Mr Assali had remained a director of the company down to the point at which it went into liquidation.

In an order dated 30th April 1998 Mr Inigo Bing, sitting as stipendiary magistrate in the Ipswich Magistrates' Court, dismissed a Customs & Excise complaint for condemnation of the items seized at Felixstowe in 1997. A copy of his order is annexed as Annex C to this decision. His judgment, pursuant to which the order was made, is reported at [1998] F.S.R 464.

Meanwhile, in the Trade Marks Registry, the application

for registration, which Mr Assali had filed on 27th March 1997, was under opposition as a result of a notice of opposition filed by Pinmore Investments Limited of Gibraltar and Mr Rahman on 30th October 1997.

The opponents raised various objections to registration, including an objection under section 3(6) of the Trade Marks Act 1994 on the basis that the application had been filed in bad faith and an objection under section 5(4) of the Trade Marks Act on the basis that the use of the mark contemplated by the application for registration would, at the date of filing, have been actionable in passing off.

Mr Assali joined issue with the opponents on their objections to registration. The parties did not wish to be heard and the opposition proceeded to a determination on the basis of the papers on file.

In a decision issued on 1st November 2000, and amended on 29th November 2000, Mr G. W. Salthouse, acting as hearing officer for the Registrar of Trade Marks, rejected the application for registration and ordered Mr Assali to pay the opponents £635 as a contribution towards their costs of the proceedings before him.

In relation to the objection under section 3(6) of the Act, the hearing officer said:

"In asserting that the application was made in bad faith the onus rests with the opponent to make a prima facie case. In addition to the points already outlined in the Section 5(4)(a) ground there is also the fact that Mr

Assali considered himself to be a director of Pinmore (UK) Ltd, a position he held at the date he filed his own application. Further, it was filed the day after Ferris J. issued an Order restraining Mr Assali from diverting business from PUK, which had traded under the PINMORE name. Against this background it is difficult to see that, however much Mr Assali felt wronged by Mr Rahman as a co-director in PUK, he could legitimately file an application to register the company's common law mark and name in his own name. Therefore, at the relevant date, the proprietor of the mark in suit was Pinmore (UK) Ltd."

In relation to the objection under section 5(4) he said: "It is clear from the evidence that the proprietor of the goodwill (and hence the unregistered mark) was neither Mr Assali nor Mr Rahman. It was Pinmore (UK) Limited. Mr Assali's trade under the name PINMORE (with or without the reversed "N") was not on his own account but on account of PUK, of which he was a director. This is clear from Mr Assali's own evidence and is confirmed by the contents of James Hall's affidavit and the affidavit of John D Freeman, who provided services to Mr Assali and says that during 1996 invoices were sent to PINMORE LTD, and were paid by that company. There is authority which supports the proposition that a member of an organisation who promotes a trade only as a member of the organisation cannot claim the benefit of the organisation's goodwill. See **Artistic Upholstery v. Art**

Forma (Furniture Ltd) [2000] FSR 311. Consequently, Mr Assali's personal use of the mark would have amounted to passing himself off as PUK. The fact that PUK is not an opponent is not fatal to the opposition because an opponent does not currently have to be the proprietor of the earlier right relied upon under Section 5(4)(a). The opposition under Section 5(4)(a) is therefore successful."

On 27th November 2000 Mr Assali gave notice of appeal to an Appointed Person under section 76 of the 1994 Act. In his grounds of appeal and orally at the hearing before me he maintained that he was entitled to file the application for registration that he did when he did. He maintains that the application was filed with at least the tacit assent of the liquidators of Pinmore (UK) Limited and he further maintains that the use of the mark, which is the subject of the application for registration, by Pinmore (UK) Limited was merely use by that company under licence from him.

I am bound to say, having considered the papers in detail and listened carefully to the submissions which have been made to me by Mr Assali, that I cannot accept that the use of the mark in suit by Pinmore (UK) Limited was really use under licence, and I can only say in relation to the suggestion that there has been some form of tacit assent from the liquidators, that the evidence is not sufficient to substantiate that proposition.

It appears to me that the objection under section 3(6) of

the Act is well-founded. If authority is needed for the proposition that a director of a company cannot simply treat the company's trade mark assets as if they were his own to use and dispose of as he pleases, it is provided by the recent judgment of Laddie J. in the case of **Ball v. The Eden Project Limited**, 11th April 2001.

On the basis of the material before me I also think the objection under section 5(4) of the Act was rightly upheld by the hearing officer on the grounds that he stated in his decision.

For these reasons, the appeal will be dismissed.

It is normal at this stage to consider the question of costs. There is nobody here on the other side. You are not going to submit that they should receive an order for costs and they themselves have not made an application for costs. In the circumstances the appeal will be dismissed with no order as to costs.

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