

O-313-07

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2398247
BY IN 2 GARDEN PRODUCTS LIMITED
TO REGISTER THE TRADE MARK
IN 2 GARDEN
IN CLASS 9 & 11**

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 94009
BY P.W.CIRCUITS LIMITED**

BACKGROUND

1) On 1 August 2005, In 2 Garden Products Ltd, of 40 Oswin Road, Leicester, LE3 1HR applied under the Trade Marks Act 1994 for registration of the trade mark IN 2 GARDEN in respect of the following goods:

In Class 9: “Apparatus for conducting, switching, transforming, accumulating, regulating or controlling electricity.”

In Class 11: “Apparatus for lighting, heating and water supply; pond filters and pond water treatment apparatus.”

2) On 22 December 2005, P.W. Circuits Ltd of Premier Works, Canal St, South Wigston, Leicester, LE18 4PN filed notice of opposition to the application. The grounds of opposition are in summary:

- a) The opponent states that prior to April 2004 it was making considerable use of the mark IN 2 GARDEN on similar goods to those for which the application is made. The Managing Director of the opponent created the mark in suit. In approximately August 2004 the two parties agreed to set up a business together using the opponent’s unregistered trade mark. However, negotiations broke down and the new company was not formed. During the period of the discussions the opponent continued to use the mark in suit on its products. After the cessation of negotiations the opponent found out that the applicant had started to use the mark in suit without the opponent’s agreement.
- b) The opponent claims that it owns the intellectual rights in the mark in suit and that the application offends against Sections 3(6) & 5(4)(a) of the Trade Marks Act 1994.

3) The applicant subsequently filed a counterstatement denying the opponent’s claims. The applicant states that the Managing Director of the applicant company, Carl Attenborough, was in 2004 the Managing Director of Interpond Fish Ltd. At this time he devised a novel product range, being a range of waterproof electrical control boxes for use in a domestic garden environment. The applicant states that in order to keep the new product range separate from the remainder of the business a trading style of Intergarden Products was used and Interpond Fish Ltd commissioned the opponent company to design a printed circuit board to enable the commercial manufacture of that new product range. The applicant contends that prior to this commission the opponent did not make any comparable product. Moreover, the applicant states that it was Carl Attenborough who devised the mark in suit. Negotiations were entered into with the opponent company for the joint marketing of the new product range under the mark in suit. These negotiations failed but the opponent company did accept other commissions from Interpond Fish Ltd. One of these was the design of packaging for the new product range which was to be marketed by the applicant company. Another commission was the design and registration of a website to promote the new product range.

4) The applicant states that it was incorporated on 23 September 2004 and that all rights were assigned from Interpond Fish Ltd to the applicant company. During the period between its acceptance of the first commission to design the printed circuit board for the new product range and the failure of the negotiations between Interpond Fish Ltd and P.W. Circuits Ltd, the opponent did manufacture the products for Intergarden Products, the then trading style of Interpond Fish Ltd. All such manufacture was to the order of Interpond Fish Ltd who did not license the opponent to sell the products on their own behalf or to use the trade mark.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 12 September 2007 when the opponent was represented by Mr Malynicz of Counsel instructed by Messrs Howes Percival. The applicant was not represented but did supply written submissions which I shall refer to as and when required.

OPPONENT'S EVIDENCE

6) The opponent filed a witness statement, dated 5 July 2006, by Cecil O'Connor, the Managing Director of the opponent company a position he has held since 1978. He states that the Managing Director of the applicant company used to be a machine operator working for the opponent company until October 2003. Mr O'Connor states that Mr Attenborough left to start an aquatics business. Mr O'Connor states that he was approached by Mr Attenborough on 9 April 2004 and asked to manufacture four (one off) 3 way switch boxes. They were for installing in a pond in Oadby. Mr O'Connor stated that the boxes were not suitable for outdoor use and could be dangerous. Mr O'Connor states that the cost of manufacturing suitable switchboxes was too high for such a limited number and he suggested an alternative to Mr Attenborough.

7) Mr O'Connor states that during April 2004 Mr Attenborough visited him several more times regarding the switchboxes. Mr Attenborough claimed that he could sell 48,000 per annum through his contacts in the Aquatics industry. He showed Mr O'Connor several leaflets and price lists showing the available switchboxes on the market. Mr Attenborough told him that if the opponent could design and manufacture the boxes he could sell them. Mr O'Connor states that he decided to investigate the market. Having considered the matter he states that he decided to design, develop and manufacture 3 way and 6 way switchboxes suitable for outdoor use. He states that during May 2004 he started the design and packaging of the switchboxes. At exhibit CO1 he provides his initial drawings from this period.

8) Mr O'Connor states that on 28 June 2004 Mr Attenborough visited him again and this time discussed effluent treatment in the aquatics industry. Mr O'Connor states that he put him in touch with two colleagues and advised seeking a DTI grant for the research. In July 2004 Mr Attenborough visited the premises again accompanied by Mr James Brindle of Lotus Water Gardens. Mr O'Connor explained his design for the switchboxes. On 6 July 2004 Mr Attenborough requested that the design be sent urgently to Mr Brindle, at this time called the "Safebox". Information was sent to Mr Brindle and a copy was provided to Mr Attenborough for him to show to other wholesalers. Copies of these are provided at pages 7-15 of exhibit CO1.

9) Mr O'Connor states that during July 2004 he designed and manufactured the prototype 3 and 6 way switchboxes. At pages 16-19 of exhibit CO1 are artwork designs of the printed circuit boards. Two prototype ranges were manufactured, one a professional range the other a standard range. Mr O'Connor states that the components were common to both but the enclosures were different. Prototypes were given to Mr Attenborough for him to show his potential clients. Customer's names or logos could be printed on the switchboxes if required.

10) Mr O'Connor states that he and Mr Attenborough agreed that the wholesalers would be offered the professional range and that Mr Attenborough would receive £1 per box on volume sales whilst the standard range would be offered to retail outlets direct by the opponent. This is shown on page 6 of exhibit CO1. He states that it was agreed that aquatic outlets were unlikely to buy from a competitor such as Interpond Fish and that Mr O'Connor did not want his company to sell direct to retail outlets. He states that the two men agreed to set up another company to handle sales with both parties sharing the approved costs and the profits equally. He states that at this point they agreed the name IN2GARDEN PRODUCTS for the company, products and literature. The name would be blended into a single word. Mr O'Connor states that during August 2004 he decided to drop the "Safebox" name and decided upon "Modular Range" and also redesigned aspects of the boxes. At pages 20-23 he provides copies of the new drawings which carry the I2GP prefix for In2GardenProducts.

11) He states that in August he ordered the components for the boxes from Spelsberg els Ltd, he provides the invoices at pages 24 & 25 of exhibit CO1. He states that on 28 August 2004 he met with Mr Attenborough and it was agreed that the costings would be based on 48000 units per annum, and that Mr O'Connor would write to Mr Attenborough's three main wholesale contacts, Lotus, Wholesale Aquatics and Pedigree. These letters would be sent on behalf of Interpond Fish Ltd as an introduction as the wholesalers were familiar with Mr Attenborough but not Mr O'Connor or P.W. Circuits. Pages 57-66 of Exhibit CO1 refer and these are signed by Mr O'Connor on behalf of Interpond. At the end of August 2004 Mr O'Connor began to generate sketches for literature and packaging. At pages 26 & 43 of exhibit CO1 are copies of some of the original designs. These show the names of both In2GardenPoducts and P.W. Circuits. There are also handwritten notes which show the division of who would do what between the two parties in terms of getting the project up and running. These are at pages 44-51 of exhibit CO1.

12) Mr O'Connor states that in September 2004 he and Mr Attenborough attended the Glee Exhibition at the NEC in Birmingham. He states that they had meetings with Lotus, Pedigree and wholesale Aquatics and it was obvious that the market was for a few hundred units not the tens of thousands as Mr Attenborough had led him to believe existed. He then states that in September 2004 Mr Attenborough registered the company name IN2 Garden Products Ltd, although at the time Mr O'Connor did not realise that the shareholding was not as had been agreed. Later in September Mr O'Connor states that he received a telephone call from Richard Allen of Freer Bouskell solicitors regarding the agreement for payment to Mr Attenborough with regard to volume sales of the professional range. Mr O'Connor states that Mr Allen stated that he "was drawing up an agreement regarding the switchboxes that Carl Attenborough had designed". Mr O'Connor states that he corrected Mr Allen and told

him that P.W. Circuits Ltd had designed and manufactured the products and that Mr Attenborough was only involved with their sales and marketing. Mr O'Connor states that a few days later he spoke to Mr Attenborough about this conversation but was told that there had been a misunderstanding. He states that on 2 October 2004 he registered the domain name "in2gardenproducts.co.uk" as he had agreed with Mr Attenborough.

13) Mr O'Connor states that in October he spoke to various DTI staff regarding financial, export and marketing assistance for the switchboxes. At one of these meetings it was suggested to Mr O'Connor and Mr Attenborough that they consider applying for certain trade marks to compliment the range that they were producing. He states that in October he and Mr Attenborough were concentrating their efforts to sell the units directly to aquatic and garden centres rather than rely upon the wholesalers.

14) Mr O'Connor states that on 2 December 2004 he and Mr Attenborough met to discuss further investment in the applicant company. At this meeting Mr Attenborough advised Mr O'Connor that when registering the company, Mr Attenborough had registered himself as the sole shareholder on the advice of his accountant instead of registering Mr O'Connor as a 50% shareholder as had been agreed. He states that it was therefore agreed to leave the applicant company dormant and use it solely for the purpose of marketing P.W. Circuits products. He states that Mr Attenborough agreed that he was a 50% shareholder in the applicant company although Mr Attenborough was reluctant to amend the entry at Companies House due to the costs involved. Mr O'Connor states that in December 2004 he designed various layouts for boxes for the switches. He provides copies of these and they clearly show use of the mark in suit. He states that during this time he and Mr Attenborough worked together, and separately, on new products which could be marketed under the mark in suit. He states that it was agreed that both parties would have a 50% interest. Mr O'Connor describes a variety of meetings with various suppliers to discuss details relating to the launch of the product. He states that on 2 April he delivered a full set of P.W. Circuits modular switchboxes to Mr Attenborough. At page 87 of the exhibits is an order form showing the delivery. These had the mark in suit on them. He provides invoices for the printing of the boxes which show the mark in suit. He states that in May he sent Mr Attenborough an invoice for the Modular Range switchboxes provided, this document shows the IN2GARDENPRODUCTS name and he supplies a copy of the invoice at page 88. At pages 89 and 90 of the exhibits he provides examples of the packaging which shows a picture of his wife with the product in his garden.

15) Mr O'Connor details a number of meetings with potential clients and attendance at exhibitions during the months April – September 2005. During the course of which he found that Mr Attenborough had lied to him over a number of things, which are not particularly germane to the current issue. The meetings and exhibitions all revolved around Mr O'Connor showing the Modular Range of products under the IN2GARDEN name produced by his company. The premise, as always, was that the price included a £1 per unit on volume sales for Mr Attenborough. He also details the difficulty he had in getting Mr Attenborough to pay for the units he had supplied.

16) Mr O'Connor throughout his statement provides details of various DTI grants that Mr Attenborough was seeking and the help that Mr O'Connor provided in seeking to help obtain these grants. However, these are not relevant to the instant case, other than to note that in June 2005 Mr O'Connor travelled with Mr Attenborough to assist him in his quest for a DTI grant.

APPLICANT'S EVIDENCE

17) The applicant filed a witness statement, dated 12 October 2006, by Carl John Attenborough who is a Director of the applicant company. Mr Attenborough states that he has read the statement of Mr O'Connor and disagrees with many of the comments made by Mr O'Connor. He states that he devised the mark in suit not the opponent. He describes how he was trading as Interpondfish Supplies from 2000. Initially trading from home, but in April 2004, from business premises. He states that for a short while he traded as "In 2 Pondfish Supplies". He found out that another company was using "In 2 Pond" and therefore abandoned this title. Interpondfish Ltd was incorporated in July 2003. In September 2004 In2 Garden Products Ltd and In2 Aquarium Supplies Ltd were incorporated. He states that this shows that he had a history of trading styles "pre-fixed by the words 'Inter' or 'In2'." He also points out that the font used by the opponent is the same unusual font that he has used for some time.

18) Mr Attenborough states that in June 2004 he approached Mr O'Connor with the idea for the product. At the time Mr O'Connor and his company did not make anything resembling the product that Mr Attenborough proposed. Mr Attenborough disputes many of the dates put forward by Mr O'Connor as well as disputing who did what to further the project. For example Mr Attenborough claims to have developed the packaging with a company called MB Sign Design in August 2004.

19) Mr Attenborough confirms that the two men developed the product together and discussed a joint venture to exploit the product. He states that he kept the boxes that Mr O'Connor delivered to him as proof that Mr O'Connor was using the product and trade mark that he (Mr Attenborough) had devised. He states that Mr O'Connor tricked him by developing the product and packaging without informing him. In order to protect his idea he then submitted the trade mark application. Mr Attenborough states that he worked for P W Circuits Ltd for many years and left to get various qualifications that would have led to a degree, but unfortunately he had to leave the course he was on due to his father's ill health. He states that at the time of the discussions with Mr O'Connor he was a discharged bankrupt and was already running a limited company. He admits that after his bankruptcy he did change his name on order to get a fresh start.

OPPONENT'S EVIDENCE IN REPLY

20) The opponent filed a second witness statement, dated 24 February 2007, by Mr O'Connor. He reiterates that his first statement is entirely truthful and then goes onto dispute most of Mr Attenborough's account of events. Crucially he states that he was fully involved in the creation of the mark in suit. He states that the products were designed and manufactured by his company and whilst Mr Attenborough might

market them they were never Mr Attenborough's property. The collaboration was only with regard to marketing and selling the product.

21) That concludes my review of the evidence. I now turn to the decision.

DECISION

22) Both parties requested cross examination of the witnesses, which was agreed by the Registry. In the event, Mr Attenborough declined to attend the hearing and submit himself to cross examination. Nor was the applicant represented at the hearing. In written submissions the Trade Mark Attorney for the applicant contended that it was for me to determine what weight should be attributed to Mr Attenborough's evidence. However, they also contended that his evidence contained a statement of truth and that its contents should, unless challenged by the opponent, be accepted at face value. They also point out that Mr Attenborough's evidence is supported by documentation.

23) I accept that where unchallenged the evidence of Mr Attenborough must be accepted. However, where challenged I must accept the version provided by the opponent due to Mr Attenborough's failure to attend and be cross examined.

24) I shall first consider the ground of opposition under Section 3(6) which reads:

“3.(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

25) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“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.”

26) 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. In *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.”

27) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The following passage from Lord Hoffman’s judgment sets out the position as follows:-

“14...[Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

“36. I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended

to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were.”

28) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s (Mr Attenborough) state of mind regarding the transaction if I am satisfied that his action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

29) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (*Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

30) The evidence filed by both sides acknowledges that a joint venture was envisaged between the two parties which would market the product manufactured by the opponent. The product was to be marketed using the mark in suit. That the joint venture did not come to fruition was the result of the applicant’s reluctance or inability to provide the necessary finance. The applicant was aware that the opponent had incurred considerable costs in developing the product, and that it had been shown to numerous potential customers under the mark in suit. The applicant was also aware that costs on the packaging using the mark in suit had been incurred by the opponent. It was still the intention of the opponent to sell the product under the mark and suit and to pay a premium to the applicant, and also allow the applicant to market the product within agreed spheres.

31) Even within the written submissions by the applicant’s representatives it is acknowledged that a joint venture was intended between the parties. There is conflicting evidence as to the conception of the mark in suit. I do not accept that simply because the applicant had used similar names previously that it was the obvious creator. It is quite feasible that the two parties jointly came up with what is clearly an extension of the applicant’s trading style as it is distinctive yet clearly alludes to the product in a modern fashion. The applicant contends that the opponent has to demonstrate that they (the opponent) created the mark. This is incorrect, Mr O’Connor was willing to be cross examined on his evidence whilst Mr Attenborough, for what ever reason, would not submit to being questioned over his evidence. Mr O’Connor’s version of events is therefore the one which I accept. The mark was created jointly. The applicant was fully aware of this at the time that the application was submitted.

32) To my mind the applicant clearly acted in bad faith when submitting the application for the mark in suit and so the application offends against Section 3(6) of the Trade Marks Act 1994.

33) In the light of this very clear cut finding I do not need to consider the other ground of opposition.

COSTS

34) The opponent sought an award of actual costs. It was contended that this should be considered with regard to the costs of the whole case or, in the alternative for the costs incurred at the earlier interlocutory hearing where the applicant argued against the request for cross examination on the grounds that the request was received too late, that there was no need for cross examination as there was nothing to test, that the applicant had already begun work on written submissions and that the stress on Mr Attenborough would exacerbate a medical condition.

35) I do not believe that costs off the scale for the main hearing can be justified. However, given the arguments put forward at the interlocutory hearing and the subsequent reasons for non-appearance at the main hearing, I believe that the applicant should bear the opponent's costs of the interlocutory hearing of 2580.

36) As the opponent was successful it is entitled to a contribution towards its costs. I order the applicant to pay the opponent the sum of £2,500 plus the interlocutory costs of £2,580 giving a total of £5,080. This sum 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 26th day of October 2007

**George W Salthouse
For the Registrar,
the Comptroller-General**