

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION Nos 2117243A and 2117243B
BY DAVID CHARLES PAGE TO REGISTER MARKS
IN CLASS 25**

AND

**IN THE MATTER OF CONSOLIDATED OPPOSITIONS THERETO
UNDER Nos 47998 and 48071 BY PALMON (OVERSEAS) LIMITED**

TRADE MARKS ACT 1994

5 **IN THE MATTER OF Application Nos 2117243A
and 2117243B by David Charles Page to register
marks in Class 25**

and

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**IN THE MATTER OF Consolidated oppositions thereto
under Nos 47998 and 48071 by Palmon (Overseas) Limited**

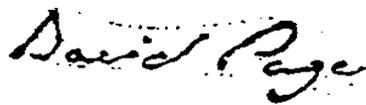
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DECISION

On 2 December 1996, David Charles Page applied to register, as a series, two trade marks.
The application was later divided into two separate applications, details of which are set out
20 below:-

Application No	Mark	Class	Goods
2117243A	David Page	25	Clothing, footwear, headgear
2117243B		25	Clothing, footwear, headgear

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On 2 January 1998, Palmon (Overseas) Limited filed notice of opposition to application No 2117243A and on 21 January 1998 filed notice of opposition to application No 2117243B. The oppositions were later consolidated.

35 Following the filing of evidence by the opponents, and as the applicant had not exercised his
right to file evidence, a decision (dated 4 June 1999) was issued by a Registry Hearing Officer
based on the papers and without a hearing having taken place. The events leading up to that
decision and the basis on which it was taken were subsequently the subject of an appeal to the
Appointed Person under Section 76 of the Act. The decision of Geoffrey Hobbs QC sitting as
40 the Appointed Person dated 3 February 2000 can be found under reference 0/101/00. The
background circumstances are apparent from that decision and I do not propose to repeat
them here. Suffice to say that Mr Hobbs noted that there had been inconsistency in the
statement of grounds filed in that the opposition to 2117243A did not focus on the question of
bad faith whereas 2117243B did. His decision was, therefore, to set aside the Registry
45 Hearing Officer's decision of 4 June 1999 and to remit the matter to the Registrar for further
consideration upon the basis of the objections pleaded. He did so in terms which left open the
question of whether the pleadings should be amended to reflect the main objection on which

the opponents sought to rely. A formal Order remitting the matter to the Registrar was subsequently made on 21 July 2000.

5 Following the hearing before Geoffrey Hobbs QC the opponents were invited to file a revised statement of grounds in respect of the oppositions. This they did on 3 March 2000. I will come to the contents of those revised grounds in a moment. The applicant was thereafter invited to amend his counterstatements and to indicate whether he wished to file evidence in relation to the amended ground of attack. Mr Page's Trade Mark Attorneys replied by letter dated 2 May 2000 to the effect that they were unable to obtain instructions from their client and that in the circumstances they no longer represented the applicant. The Registry subsequently wrote to Mr Page himself asking him to say whether he wished to continue with his applications and, if so, whether he wished to be heard in relation to the opposition actions. No reply was received. The opponents indicated that they did not wish to be heard in this matter. It is on that basis, therefore, that the papers have come to me for a decision.

15 The amended statement of grounds in relation to No 2117243A now reads as follows:

- 20 1. The opponents are the successors in business of Ambiance Shirts Limited. The trade mark DAVID PAGE was adopted and used by Ambiance Shirts Limited in relation to certain garments prior to the date of application number 2117243A such that at such date the trade mark indicated the goods of Ambiance Shirts Limited and no other. By assignment dated 1 May 1997 the opponent has acquired the rights in the trade mark DAVID PAGE arising from their use of said trade mark.
- 25 2. The opponents predecessors have used the mark DAVID PAGE in the United Kingdom in relation to inter alia shirts.
- 30 3. Mr David Charles Page, the applicant for registration of mark number 2117243A was the De Facto Managing Director of Ambiance Shirts Limited and their predecessors and the trade mark DAVID PAGE was taken into use by said predecessors with the consent of Mr David Page and at his direction. The said trade mark is an asset which has now been acquired by the opponents.
- 35 4. Registration of the mark applied for would be contrary to the provisions of Section 5(4)(a) of the Act in that its use in the United Kingdom is liable to be prevented by the opponent (or alternatively at the date of the application was liable to be prevented by Ambiance Shirts Ltd) by the law of passing off by reason of its earlier rights in the trade mark.
- 40 5. The applicant has acted in bad faith contrary to Section 3(6) in making the application to register the trade mark DAVID PAGE in his own name.
- 45 6. Registration or use of the mark applied for would obstruct or prejudice the legitimate conduct of the opponents business.
7. The opponent has notified the applicant of its objection to the use and

registration of the trade mark in suit but the applicant has failed to withdraw the application in suit.

5 8. The opponents request that the application be refused and that an award of costs be made in their favour in these proceedings.

The grounds in relation to No 2117243B are, mutatis mutandis, couched in similar terms.

10 The principal changes from the original grounds are, therefore, that:

S the Section 5(2) ground which formed the basis of the previous decision by a Registry Hearing Officer has been dropped (see page 2 of Mr Hobbs' decision)

15 S the Section 3(6) ground has now been explicitly raised against both divisional applications

S a ground under Section 5(4)(a) has been introduced.

20 I will deal firstly with the Section 3(6) ground. The Section reads as follows:

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

25 There is no statutory definition of what constitutes bad faith. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*, 1999 RPC 367 at page 379 Lindsay J said:

30 "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
35 reference to the words of the Act and upon a regard to all material surrounding circumstances."

40 The only evidence before me is a statutory declaration from Michael Watson, the Secretary of Palmon (Overseas) Ltd. The declaration has six exhibits filed in support. Briefly the facts to emerge are:

S a company called Ambiance Shirts Ltd was incorporated as a subsidiary of Palmon (UAE) Ltd in January 1996 to purchase certain assets from the receivers of Ambiance Clothing Ltd

45 S Mr Page was the Managing Director of Ambiance Clothing Ltd and was subsequently employed as General Manager of Ambiance Shirts Ltd in which

capacity he was charged with the general running of the business. He was not officially appointed as a Director nor was he a shareholder of the company

5 S irregularities are said to have occurred in the running of Ambiance Shirts Ltd and as a result of investigations Mr Page's services were terminated on or about 31 October 1996. Paragraph 4 of the Directors' Report to the meeting of creditors (attached to the Liquidators' Report at MW/1) gives further information on the reasons for Mr Page's dismissal

10 S during the early part of 1996 (that is while Mr Page was still at the company) Ambiance Shirts commissioned artwork relating to the trade mark DAVID PAGE and commenced trade in relation to a range of garments in or about April 1996. Copies of purchase orders, invoices and a shirt are exhibited (MW/4 to MW/6).

15 In the light of this evidence the opponents contend that the trade marks were an asset of the company (Ambiance Shirts) and not Mr Page. Thus it is said that it was an act of bad faith on Mr Page's part to apply for the marks in his own name.

20 As will be apparent from the above there was originally a discrepancy between the respective grounds of opposition for these consolidated cases in that No 2117243B raised a bad faith ground and No 2117243A did not (although the consolidated evidence dealt with the issues giving rise to the claim). Although Mr Page filed a counterstatement denying the bad faith claim in the case of the original statement of grounds (for No 2117243B) that did raise the
25 issue, he has not responded to the amended statement of grounds relating to No 2117243A where it is formally raised for the first time. Strictly, therefore, there is no denial of that charge in the latter case. One view of that state of affairs is that the applicant is not resisting the opposition. However I do not think I should rely on such a narrow point particularly as Mr Page did deny the ground as pleaded in relation to the B part of the divided application. I,
30 therefore, go on to consider the substance of the case.

 During his time with Ambiance Shirts Mr Page was employed as General Manager. I note from the Directors' Report (attached to the Liquidators' Report) that the company had five directors and that Palmon (Overseas) held all the issued share capital. Although it is perhaps
35 somewhat unusual for the General Manager of a company to allow his name to be used as the company's trade mark it is reasonable to assume that Mr Page was fully aware of the fact and had consented to such use (a conclusion that Mr Hobbs reached on page 21 of his decision of 3 February 2000). When Mr Page applied for the trade marks in his own name (after leaving the company) he was doing so in the knowledge that they were the property of his former
40 employers. In the absence of any substantiated challenge or counterclaim by Mr Page to that apparent state of affairs I regard his actions as constituting a very clear case of bad faith. He could not even claim that the mark had somehow become available to him by the time the applications were filed because the evidence shows that Ambiance Shirts continued to trade until 30 June 1997. The opposition is thus successful under Section 3(6).

45 There is still the matter of the objection under Section 5(4)(a). This ground was never part of the original pleadings and I am doubtful whether, on a fair reading of Mr Hobbs' decision, he

was encouraging the opponents to introduce a ground that was not foreshadowed in the original document. His actual words were:

5 "I do not think it is appropriate to determine the bad faith objection de novo on appeal.
What I propose to do, having considered the matter, is to set aside the Hearing
Officer's decision and remit the oppositions to the Registrar for further consideration
upon the basis of the objections currently pleaded, leaving it to the Registrar's Hearing
Officer to determine whether and, if so, to what extent the pleadings can and should be
10 amended in due course to enable the opponent to put forward the main objection upon
which it has sought to rely. That is my decision."

The comments were, it seems to me, principally inviting the Registry to consider whether the
opponents should be invited to clarify and correct the discrepancies that were acknowledged
to exist in the statements of grounds placed before the Hearing Officer and the Appointed
15 Person on appeal (and which resulted in the Section 3(6) ground not being considered).
Strictly, therefore, I do not think it was open to the opponents to introduce the Section 5(4)(a)
ground.

If I am wrong in coming to the above view then it would fall to the opponents to establish the
20 three legs of the passing-off test, that is to say goodwill, misrepresentation and damage (see
WILD CHILD 1998 RPC 455). As the opponents' concern is that Mr Page would be using an
identical or near identical sign in relation to the same sort of goods misrepresentation and
damage can reasonably be regarded as inescapable consequences if the opponents establish
goodwill in their sign.

25 The only evidence in these proceedings is that of Mr Watson but this is directed mainly
towards the bad faith issue rather than establishing goodwill. Substantiating detail as to the
nature and extent of the opponents' trade is thin. The material date is 2 December 1996.
Ambiance Shirts only commenced use of the mark DAVID PAGE in or about April 1996.
30 Exhibit MW/3 appears to relate to dealings with the company's suppliers rather than evidence
of sales. Exhibit MW/4 consists of a small selection of purchase orders from one organisation
(Matalan Discount Club). The extent to which these or other purchase orders were converted
into sales is not clear. A single sales invoice has been exhibited (MW/5) dated 8 November
1996 that is to say less than a month before the material date. One of the order numbers
35 (M0013639) on the invoice (but not the quantity of goods) corresponds with the Matalan
purchase order of 28 March 1996 suggesting a time lag between the placing of orders and
completion of the sales. Although the Directors' Report (MW/1) indicates net turnover of
£650,588 from January 1996 to 30 June 1997 it is simply not possible to say how much of this
40 related to the period up to the material date or whether the whole of this sum related to goods
under the mark DAVID PAGE. In short I consider the claim to goodwill to suffer from lack
of detailed substantiation.

5 The oppositions have succeeded under Section 3(6). The opponents are entitled to a contribution towards their costs. I order the applicant to pay the opponents the sum of £870 in respect of the consolidated oppositions. 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 these cases if any appeal against this decision is unsuccessful.

10 Dated this 20 day of September 2000

M REYNOLDS
For the Registrar
15 the Comptroller-General