

IN THE MATTER OF APPLICATION Nos 12443 & 12444
BY BOMAR SPOL. S.R.O.
FOR A DECLARATION OF INVALIDITY
IN RESPECT OF TRADE MARK Nos 2211662 & 2211663
IN THE NAME OF BOMAR (UK) LTD

BACKGROUND

1) On 16 October 1999 David Jeremiah Quigley applied under the Trade Marks Act 1994 to register the following two trade marks:

a) Number 2211662: **BOMAR**

b) Number 2211663:



2) Both applications were in relation to the following goods in Class 7: Machine tools; drilling machines; metal-cutting band saws; parts and fittings for all the aforesaid goods.®

3) The applications were accepted, published and proceeded to registration on 12 May 2000. On 16 June 2000 the marks were assigned to Bomar (UK) Ltd of 5 Hornbeam Square South, Hornbeam Business Park, Harrogate, HG2 8NB.

4) On 2 April 2001, Bomar spol s.r.o of Lazaretni 7, 615 00 Brno, Czech Republic filed an application for a declaration of invalidity in relation to each of the registrations. The grounds upon which the applications are based can be summarised as follows:

a) the applicant is the registered proprietor of Czech republic trade mark registration 187711 BOMAR and stegosaurus logo registered on 26 January 1996 but filed on 9 February 1994 in relation to, inter alia, Machine tools and machine tools; metal cutting saws, partially band and cutting saws, their assemblies and accessories®. A copy of the Czech registration and a translation have been provided.

b) In 1997 the applicant entered into an agreement with a company called David Quigley International Limited for the distribution of bandsaw machines and accessories in England and Ireland. The first delivery of goods bearing the applicant's trade mark to David Quigley International Limited, Harrogate, was dated 25 November 1997. The arrangement terminated on 8 March 2000 and a new distributor appointed. No authority was ever given by the applicant to David Quigley International Limited or Bomar (UK) Ltd to register the applicant's trade mark in the UK. The applicant received a letter from David Quigley,

Managing Director of Bomar

(UK) Ltd informing them of the registration of BOMAR and the stegosaurus device.

c) The applicant contends that registrations 2211662 and 2211663 are contrary to Section 3(6) and that under Section 47 of the Trade Marks Act 1994 the registrations should be declared invalid. Also, as the applications were made in the name of an agent or representative of a person who is the proprietor of a mark in a convention country if an application under Section 60(3)(a) of the Trade Marks Act 1994 is made within three years of the proprietor being aware of the registration then the mark can be declared invalid.

5) On 17 May 2001, the registered proprietor filed a counterstatement. The registered proprietor claimed that the applicant consented to the trade marks being registered.

6) Both sides filed evidence. Both asked for an award of costs in their favour.

7) The matter came to be heard on 11 June 2003, where the applicant was represented by Mr Hill of Counsel instructed by Messrs A A Thornton & Co. and the registered proprietors by Mr David Quigley.

APPLICANT'S EVIDENCE

8) The applicant filed a statement, dated 16 July 2001, by Alfred Pichlmann the proprietor of the applicant company. He states that for the last eight years his company has manufactured a range of bandsaws and accessories under the Bomar and stegosaurus logo (the logo). He also confirms that this mark has been registered in the Czech Republic for, inter alia, machines and machine tools; special cutting tools, metal cutting saws, partially band and circular saws; their assemblies and accessories. This application was filed on 9 February 1994 with registration being granted on 26 January 1996.

9) Mr Pichlmann states that the logo was first used in 1994 and at exhibit B he provides an invoice which shows use of the logo. He states that following the Hanover Trade Fair in 1997 Mr Quigley visited his company in the Czech Republic seeking to be appointed as a distributor in England and Ireland. He states that although no formal contract was entered into the company negotiated a distribution agreement under which David Quigley International Limited would have the exclusive distribution rights for the applicant's BOMAR range of bandsaw machines and accessories. The applicant sent its terms and conditions for business and price list to the registered proprietor. The first delivery of goods took place on 25 November 1997 and were sent to David Quigley International Limited, at P.O. Box 131 Harrogate HG1 1HU which is the same address as that shown for the registered proprietor on its counterstatement. At exhibit E he provides a copy of a letter dated 8 March 2000 to David Quigley International Ltd stating:

After your additional breach of the agreement during your visit in February, we inform you herewith that you are not anymore authorised to sell the products of Bomar spol s.r.o.

and/or the products of Bomar Asia Co. Ltd in Great Britain and Ireland. This was caused through the repeatedly not paying the invoices within the agreed 21 days term of payment.®

10) Mr Pichlmann states that his company did not give authority to anyone to register their trade mark in the UK. He states that his company became aware of the registration in a letter from Mr Quigley, Managing Director of Bomar (UK) Ltd dated 20 June 2000, a copy of which is provided at exhibit F. Mr Pichlmann provides a copy of a letter from Mr Lister which refers to claims made by Mr Quigley regarding distribution rights in the Republic of Ireland and to copyright and/or intellectual property rights to certain designs, instruction manuals and literature to patents for devices used on Bomar saws. Mr Pichlmann states that even if this letter can be said to show that his company were aware of the trade mark registration earlier than the letter from the registered proprietor it does not alter the fact that my company did not consent to the filing of an application to register the trade mark in the UK.®

REGISTERED PROPRIETOR'S EVIDENCE

11) The proprietor filed a witness statement dated 3 September 2001 by Peter John Quigley the Managing Director of Bomar Asia Co. Ltd of 15/108 Moo 1, Soi Suphaphong, Sinakarin Road, Nongbon, Prawet, Bangkok, 10260 Thailand. He states that his company was registered in Thailand by himself and Mr Alfred Pichlmann principally to manufacture bandsaws and accessories for export. He provides various documents at exhibits A, B, C, D and E which are written in Thai. A translation is provided which shows Mr Pichlmann as a share holder in Bomar Asia Co Ltd (BACL) which was registered in Bangkok on 25 August 1998. Mr Pichlmann is not however, listed as a director of the company. BACL registered the Bomar and stegosaurus logo in Thailand.

12) Mr Quigley states that in September 1999 it was agreed by the shareholders of the company (BACL) that the UK market would eventually be supplied with the Bomar range of machines produced in the company's factory in Thailand and that the marketing and distribution of its products should be handled by a new company in the UK.® He states that authorisation was given to David Quigley to apply for registration of the marks in the UK and to form a new company under the name Bomar (UK) Ltd. A copy of a letter from Peter Quigley to David Quigley dated 16 September 1999 giving this authorisation is provided at exhibit F.

13) Mr Quigley states that in March 2000 the relationship between the shareholders of BACL, Bomar spol s.r.o and Mr David Quigley broke down and legal proceedings were instituted in the Thai courts, which are still on-going. He states that these proceedings are not related to the UK trade marks or the instant cases.

14) Mr Quigley states that David Quigley was legally authorised to register the trade marks and that the applicant through Mr Pichlmann consented to the applications. He states that David Quigley acted in good faith and should be allowed to maintain the trade marks.

APPLICANT'S EVIDENCE IN REPLY

15) The applicant filed another statement, dated 9 September 2002, by Mr Pichlmann. He states

that at the time of filing the applications in suit David Quigley was the agent/ representative of the applicant company. Mr Pichlmann confirms that Bomar Asia Co Ltd was set up in conjunction with Peter Quigley and five Thai people in 1998. The company was set up to purchase bandsaws from Mr Pichlmann's Czech company and sell them in Thailand. He states that BACL was not initially set up to manufacture bandsaws, although later it did manufacture and assemble small components for the bandsaws.

16) Mr Pichlmann states that the registration of the BOMAR logo mark in Thailand took place without his authority. He states "My company has never intended to assign its trade mark to any other party or to give any other party authority to register the trade mark". Mr Pichlmann states that the court proceedings in Thailand relate to seeking the withdrawal of the Thai registration for the Bomar logo and also relate to a claim for payment for goods. He states that the case was settled when the brand name and company name were transferred to his company in return for cancelling claims for payment of goods. Copies of the documents regarding the transfer of the marks is supplied, along with a translation, at exhibit H.

17) Mr Pichlmann states that David Quigley was acting for his company before the venture in Thailand, and that it was never agreed that Thailand would supply bandsaws to the UK market. He also denies being aware of the authorisation provided by the Asian company to David Quigley.

REGISTERED PROPRIETOR'S EVIDENCE IN REPLY

18) The proprietor filed a statement, dated 12 November 2002 by David J Quigley, a Director of Bomar (UK) Ltd. Mr Quigley states that the Thai company was set up to principally manufacture the range of Bomar bandsaws and accessories for export. He refers to the Particulars of Objectives granted to the Thai company which were filed with his brother's (Peter Quigley's) evidence. These particulars are not detailed in my summary of evidence as they included virtually every type of commercial activity possible. David Quigley states that Mr Pichlmann made regular visits to the Thai factory and was well aware that the company was making bandsaws.

19) At exhibits P1-P4 he provides photographs of the factory in Thailand dated 8 March 2000 which show bandsaws with the Bomar logo on them. The Bomar logo he states was registered by the Thai company and not by an individual.

20) Mr Quigley comments on the outcome of the court proceedings in Thailand, although he states that "I am not privy to the details surrounding the case or cases brought against the Thai company".

21) Mr Quigley contends that Mr Pichlmann was aware that BACL had registered the trade marks and were applying them to the machines it was manufacturing. He states that it was the intention of BACL to supply markets outside of Thailand and that the UK was regarded as a suitable market. He states:

"For this purpose, it was decided by the shareholders of the Thai company that the best way to project its plans would be through a new company bearing its own name and image and

consequently, at the request of Bomar Asia Co Ltd a limited company was formed in the name of Bomar (UK) Ltd.®

22) Mr Quigley points out that in the letter withdrawing its authority to sell its products in the UK the applicant referred to the products of both Bomar spol s.r.o. and also Bomar Asia Ltd.

Mr Quigley states that the letter from Bomar Asia Co Ltd shows that he acted in good faith.

APPLICANT'S ADDITIONAL EVIDENCE

23) The applicant filed an additional statement, dated 23 April 2003, by Mr Pichlmann. He states that the Thai factory was never meant to manufacture whole machines, but merely to assemble the machines using parts from the Czech factory. Mr Pichlmann accepts that some small components were manufactured in Thailand but asserts that even these parts were the intellectual property of Bomar spol s.r.o. At exhibit 1 he supplies customs papers which show numerous parts being supplied by the Czech factory to the Thai factory. Mr Pichlmann states that BACL were not authorised by him or his company to register the trade mark BOMAR. He states that the machines manufactured in Thailand were meant to be sold in Thailand only and it was because of the relationship of the Quigley brothers that the products of BACL were mentioned in his letter ending David Quigley's distribution rights in the UK. He states that the European and North American markets were serviced by the Czech factory and there was never any intention of these markets being serviced by the Thai company. He states that the company Bomar (UK) Ltd was formed without his knowledge at the same time that David Quigley's company David Quigley International Ltd was in a dealership with the applicant.

24) That concludes my summary of the evidence.

DECISION

25) At the hearing the applicant raised a preliminary point with regard to the existence of the registered proprietor. Mr Hill stated that he believed that the registered proprietor had been dissolved. Mr Quigley denied this stating that Bomar (UK) Ltd is still a registered UK company and is still on the company register. Mr Quigley could offer no corroborative evidence to this effect and he declined to be personally responsible for the costs of the hearing. The applicant decided to continue with the hearing rather than adjourn, but requested that I consider awarding costs against Mr Quigley personally should the application be successful and the registered proprietor transpire to have ceased to exist prior to the hearing date.

26) Following the hearing I received correspondence from both parties in relation to this matter. It is clear that the company Bomar (UK) Ltd was dissolved on 11 November 2002. Also after the hearing I also received an affidavit from Peter John Quigley relating to aspects of the case. Clearly this cannot be taken into account as the hearing has taken place and it would prejudice the applicant who has not had an opportunity to respond or to seek cross examination.

27) The request for the declaration of invalidity is made under the provisions of Section 47(1) of the

Act. This states:

A47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.@

28) The application is based upon Section 3(6) and Section 60, which read:

A3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.@

And:

A60.-(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

(3) If the application (not being so opposed) is granted, the proprietor may -

- (a) apply for a declaration of the invalidity of the registration, or
- (b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

(4) The proprietor may (notwithstanding the rights conferred by this Act in relation to a registered trade mark) by injunction restrain any use of the trade mark in the United Kingdom which is not authorised by him.

(5) Subsections (2), (3) and (4) do not apply if, or to the extent that, the agent or representative justifies his action.

(6) An application under subsection (3)(a) or (b) must be made within three years of the proprietor becoming aware of the registration; and no injunction shall be granted under subsection (4) in respect of a use in which the proprietor has acquiesced for a continuous period of three years or more.@

29) Section 3(6) has its origins in Article 3(2)(d) of the Directive the Act 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.

30) 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 Plastics 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.

31) In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as ..to be equated with conscious impropriety. This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others' property..... The individual is expected to attain the standard which would be observed by an honest person in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is guilty of commercially unacceptable conduct in the particular context involved; see *Cowan de Groot Properties Ltd v Eagle Trust Plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others' rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.

32) Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad faith also describes business dealings which, though not actually dishonest, still fall short of the standards of

acceptable commercial behaviour. This includes conduct that is not knowingly fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. In *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person said:

AI do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Phillip Tan* [1995] 2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.@

33) I also take into account the comments by Mr Simon Thorley Q.C. acting as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] RPC 24 at paragraph 31 where he said:

AAn allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v Associated Newspapers* [1970] 2 Q.B. 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1877-78) L.R. 7Ch.D 473 at 489). In my judgement precisely the same considerations apply to an allegation of lack of good faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.@

34) The relevant facts before me are as follows:

- \$ Mr David Quigley first encountered Mr Pichlmann at the Hanover Trade Fair in 1997.
- \$ Subsequent to this meeting a verbal agreement was reached whereby David Quigley International Limited was granted exclusive distribution rights in England and Ireland in relation to bandsaws and accessories which carried the name BOMAR and stegosaurus device.
- \$ The first delivery of goods from Bomar spol s.r.o . to David Quigley International Ltd took place on 25 November 1997.
- \$ In August 1998 Bomar Asia Co Ltd was registered in Thailand with Mr Pichlmann shown as a share holder but not a Director of the company.
- \$ Bomar Asia Co Ltd purchased parts from Bomar spol s.r.o. as well as manufacturing small components and assembled bandsaws which were marketed under the Bomar name and stegosaurus device.
- \$ In 1999 Bomar Asia Co Ltd registered the trade mark ABomar and stegosaurus device@in Thailand.

\$ On 16 October 1999 Mr David Quigley applied to register two trade marks ABomar@ and Aa stegosaurus device@ in the UK.

\$ On 8 March 2000 the applicant terminated its agreement with David Quigley International Limited. Around the same time the applicant began proceedings against Bomar Asia Co Ltd in Thailand which resulted in the Thailand Trade Mark registration of BOMAR and stegosaurus device being transferred to the applicant.

35) At the hearing Mr Quigley contended that he personally had not been the agent / distributor for Bomar spol s.r.o. He pointed out that the agreement had been with David Quigley International Ltd (DQIL). Mr Quigley accepted that most of the contact with the applicant had been with him in his capacity as Managing Director of DQIL. Clearly Mr Quigley and DQIL are separate legal entities. However, equally clearly Mr Quigley would have been aware of the activities of the applicant and DQIL in promoting bandsaws manufactured under the BOMAR and stegosaurus trade marks in the UK.

36) In the proprietor's evidence both Peter Quigley and David Quigley stated that the shareholders of Bomar Asia Co Ltd decided to sell bandsaws manufactured in Thailand in the UK. It was stated that to this end a company, Bomar (UK) Ltd, was formed and the trade marks applied for. A letter from Mr Peter Quigley, Managing Director of Bomar Asia Co Ltd to his brother David Quigley authorising the formation of the company and the registration of the trade marks was exhibited. At the hearing Mr David Quigley stated:

AHe [Mr Pichlmann] told me that it had to be a separately run thing altogether. >We are going to make a Bomar company. You can have an involvement (meaning me) in the company, but we do not want any association with David Quigley International.= He considered David Quigley International Limited to be a bit of a loose cannon and he wanted to control the UK markets. We were using the trade mark. I accept that the trade mark is a Czech registered mark. I never attempted to benefit personally and nor did the company which was his then agent by going ahead and registering the mark.@

37) It is not disputed that at the time of submitting the applications Mr David Quigley was the Managing Director of David Quigley International Limited, and that DQIL was the agent / distributor in the UK for the applicant. Mr David Quigley also accepts that the majority of the contact between DQIL and the applicant was made by him personally. The proprietor claims that the shareholders, which included the applicant, of Bomar Asia Co Ltd agreed to the setting up of a UK company and the trade mark applications. This has been denied by the applicant and no corroborative evidence, such as minutes of a shareholders meeting has been filed.

38) At the hearing Mr Quigley claimed to have had verbal authorisation for the trade mark applications from the applicant. It is perhaps surprising that this did not feature in his written statement. Even more surprising is the suggestion that the applicant was content for Mr Quigley to have a role in this new company but not the company of which he was the principal, the Managing

Director and which bore his name, even though at the time of the alleged conversation DQIL was still the agent for the applicant. Given the obvious cost implications of setting up a company and registering trade marks a simple letter of confirmation would, in my opinion, have been sought. However, no such document has been filed.

39) Taking all of the above into consideration I have come to the conclusion that Mr David Jeremiah Quigley acted in bad faith when applying for the two trade marks. He was fully aware of the applicant's business under these marks in the UK and his behaviour falls short of the standards of acceptable commercial behaviour. The ground of invalidity under Section 3(6) succeeds.

40) The applications for invalidity having succeeded the applicant is entitled to a contribution towards their costs. I order the proprietor to pay the applicant the sum of , 3,200. 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. It is clear that the registered proprietor, Bomar (UK) Ltd has been dissolved. However, it is possible for companies to be reinstated onto the Register of Companies. I do not agree with the contention by the applicant that Mr Quigley should be held personally liable for the costs in this case.

Dated this 18th day of November 2003

George W Salthouse
For the Registrar
the Comptroller-General