

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2031741 BY
EICHER LIMITED – ROYAL ENFIELD MOTOR UNITS TO REGISTER A
MARK IN CLASS 12**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No. 45356 BY DAVID
MATTHEW SCOTT HOLDER T/A VELOCETTE MOTORCYCLE COMPANY**

AND

**IN THE MATTER OF APPLICATION No. 9188 BY DAVID MATTHEW SCOTT
HOLDER
T/A VELOCETTE MOTORCYCLE COMPANY FOR A DECLARATION OF
INVALIDITY IN RESPECT OF TRADE MARK No. 1514064 IN THE NAME OF
EICHER LIMITED – ROYAL ENFIELD MOTOR UNITS.**

DECISION

Introduction

1. This is an Appeal to the Appointed Person by David Matthew Scott Holder against the Decision of Mr. M. Reynolds, the Officer acting for the Registrar, dated 21st July 2000. The decision arose in two trade mark proceedings which were considered at the same hearing.
2. The first was an opposition by Mr. Holder to the registration of Application No. 0231741 by Eicher Limited to register a device mark in Class 12 for a specification of goods reading “Motor cycles; motor land vehicles; parts and fittings in Class 12 for all the aforesaid goods”.

3. The application for this trade mark was made on 26th August 1995 by Bavanar Products Limited and the application was assigned to Eicher Limited. The trade mark is a device mark comprising, as a major part, the words “Royal Enfield”.
4. The second matter is an application by Mr. Holder for a declaration of invalidity in respect of Trade Mark No. 1514064, again in the name of Eicher Limited. This mark was registered in Class 12 as of 26th September 1992 in respect of “Motor cycles; parts and fittings for motor cycles; all included in Class 12. The mark concerned is the word mark “Royal Enfield”.
5. The grounds raised in both proceedings were essentially the same and the same evidence was relied upon. They were considered at the same hearing before Mr. Reynolds where two grounds were relied upon
 - (i) that, pursuant to section 3(6) of the Trade Marks Act 1994, the marks were applied for in bad faith and
 - (ii) that, under section 5(4) of the Act, use of the marks was liable to be prevented by virtue of a rule of law and in particular the law of passing-off.
6. It was common ground before Mr. Reynolds and on appeal before me that no distinction was to be drawn between the relevant dates of the two marks, 26th September 1992 in the case of the word mark and 26th August 1995 in the case of the device mark, nor that any distinction could be drawn between the fact that one was a word

mark and the other a device mark. An essential feature of the device mark is the words “Royal Enfield”. Accordingly it was common ground that the validity of the marks stood or fell together.

Background

7. In order to place the dispute in context it is necessary to recite a little history. The trade mark “Royal Enfield” used in relation to motor cycles was, during the period prior to and after the last war, an extremely well known and well respected trade mark. Both parties asked me to look at a video of a television programme broadcast some years ago commemorating the history and achievements of the Enfield Cycle Company Limited. I was left in no doubt having seen this video and reviewing the evidence filed that motor cycles made by the Enfield Cycle Company, in particular those trade marked “Royal Enfield”, were and were perceived to be leaders in the field during this time. As a result, a significant goodwill in the name “Royal Enfield” attached to the business of the Enfield Cycle Company as manufacturers of motor cycles. It appears that the motor cycles were first made in 1898 and manufacture and sale continued for approximately 70 years. By 1970 however the market for British made motor cycles had diminished.

8. In about 1966, the business in “Royal Enfield” twin cylinder motor cycles was transferred to a company known as Enfield Precision Engineers Limited and that in single cylinder motor cycles to a

company known as Veloce Limited. In 1970 Veloce Limited went into liquidation.

9. It was claimed by Mr. Holder that in 1971 his father had acquired the twin cylinder business from Enfield Precision Engineers Limited such that any goodwill in the name “Royal Enfield” when used in relation to twin cylinder motor cycles had passed first to his father and then to Mr. Holder. Mr. Reynolds concluded that this transfer was not proven and, before me, Mr. Edenborough, who appeared on behalf of Mr. Holder, sensibly pursued his appeal in relation to the business carried out subsequent to 1971 and placed no weight on any trade whether in motor cycles or in spare parts carried out prior to that date by others.
10. Accordingly the undisputed evidence is that, as from 1971 up until 1992, there had been no manufacture in this country of any motorcycle bearing the trade mark “Royal Enfield” and any company which in the early 1970’s had any goodwill attaching to their business as manufacturers of motor cycles under the name “Royal Enfield” had by 1992 long ceased to exist.
11. On this appeal Mr. Edenborough based his client’s case under section 5(4) on the alleged reputation established by partnership known as Velocette Motor Cycle Company (VMCC). This partnership, originally involving his father and mother and later his wife in conjunction with Mr. Holder, has, it is alleged, carried on business since 1971 by producing and selling spare and replacement

parts for “Royal Enfield” built prior to 1971. The evidence is that these have become collectors’ items and that there has been a continuing demand for spare and replacement parts. Mr. Edenborough contended that as a result of that trade, VMCC had, by 1992, established a protectable goodwill in the United Kingdom attaching to the business of dealing in spare parts for original motor cycles which reputation was in the trade mark “Royal Enfield”. He contended that by reason of this reputation, any use by Eicher Limited of the two “Royal Enfield” trade marks the subject of this dispute would be likely to lead to confusion. In particular he contended that Mr. Holder would be thought of as a supplier of parts for any new “Royal Enfield” motor cycles sold under the trade marks. This Mr. Edenborough contended would constitute passing off and that therefore the attack based on section 5(4) should succeed.

12. Mr. Reynolds rejected this argument. Having reviewed all the evidence in a manner that was not the subject of any significant criticism before me he reasoned as follows:

This brings me to what I regard as the nub of the case namely the nature of the trade in ROYAL ENFIELD spares and the distinguishing feature by which that trade was known and under which any goodwill subsisted.

For ease of reference I have annexed an example of the sort of invoice issued during the course of trade. It is said to be typical of such invoices. This particular one relates to sales made in May 1989 and along with other such invoices was particularly relied upon by Mr. Edenborough.

Mrs. Heal's (Counsel for Eicher Ltd) position in relation to this trade was that carrying on a business in the sale of spare parts does not necessarily or of itself give rights in any trade marks that are used. As a general proposition there is of course some force in that argument. To take an obvious analogy a garage that services or repairs particular brands of cars will need to advertise itself by reference to those brands. But such activity does not give the garage any proprietary interest in the brands or goodwill relating thereto (the latter being likely to reside in that case in the manufacturers themselves).

Is the position any different in the circumstances before me where a business called The Velocette Motor Cycle Company has been selling ROYAL ENFIELD spares? It seems to me that the circumstances can be distinguished in two main respects. Firstly the motor cycle manufacturing business in which goodwill in ROYAL ENFIELD was previously vested and whose products the residual spares business is aimed at has ceased to exist. Secondly, as Mr. Edenborough pointed out, Mr. Holder's business was not simply that of retailing spare parts but also the manufacture of those parts. He was potentially at least in a somewhat stronger position than a garage servicing well known brands of cars in my above example. There nevertheless remains the position of how the business represented itself to the outside world and how the relevant public is likely to have viewed that business. I, therefore, need to look at what the evidence as a whole (invoice evidence, spares listings, journalistic comment etc.) suggests is the position.

A good deal of evidence has been filed in these proceedings in the form of press clippings and books about classic motorcycles some of them representing contemporaneous views, other retrospective comment and analysis. Both Counsel, I think, accepted that there are difficulties in relying to too great an extent on such material. I have already commented on the imprecision and probable lack of understanding in the press comment relating to Mr. Holder senior's purchase of assets from Enfield Precision

Engineers. That imprecision reflects the fact that the authors of the articles are by the nature of their trade motor cycle journalists or enthusiasts rather than experts in contract law or intellectual property rights. Even so I do not find in the contemporaneous material any widespread belief or understanding that VMCC was anything other than a provider of ROYAL ENFIELD spares as distinct from having rights in the name.

The other evidence in support of Mr. Holder's claim can principally be found in DMH 9 to 11 exhibited to his first declaration and DMH 1 exhibited to his third declaration. I have given careful consideration to this material and agree with Mrs. Heal that it shows a trade being conducted under the Velocette or Velocette Motor Cycle name. It is true that the badges and labels at DMH 10, for instance, carry the ROYAL ENFIELD name but of necessity a replacement petrol tank badge, say, for a ROYAL ENFIELD motor cycle has to carry the ROYAL ENFIELD name. The technical drawings and specifications to produce such items were, I think, derived from Enfield Cycle Company (via Enfield Precision Engineers) – see the material at DMH 1(d) and (e).

Mr. Holder himself says in his first declaration:

“Since the acquisitions detailed above of both parts of the former Enfield Cycle business, VMCC has become well known in the United Kingdom for the production and sale of spare parts and replacement parts for all ROYAL ENFIELD motor cycles (hereinafter referred to as “the Goods”), and has acquired a substantial reputation therefor”.

Although he was not intending to make any admission in that statement it gives some insight into what I consider to be the true position namely that Mr. Holder's business was and is known as Velocette or Velocette Motor Cycle Company. The goodwill thus generated accrues under that name. I see nothing in the nature of the trade that would have led enquirers to customers to think that Mr. Holder's

business was being conducted under the name ROYAL ENFIELD. That is a quite separate matter from the fact that he was carrying on a trade in ROYAL ENFIELD spares as part of the Velocette business. As Mr. Holder acknowledges, the business was not advertised in the normal way, being aimed as it was at a specialist market. The invoices are, however, indicative of the public face of the business and strongly indicate the name by which that business would be drawn.

I make no comment on whether Mr. Holder (or his father and mother before him) would have been able to represent the business as one being conducted under the ROYAL ENFIELD banner. It is merely that on my reading of the available evidence it was not so conducted. On that basis Mr. Holder cannot claim the goodwill necessary to found an action under Section 5(4)(a).

13. It is against that finding that Mr. Edenborough appeals on behalf of Mr. Holder in relation to the case based upon section 5(4). He made it plain that this was his primary argument on this appeal. However, before considering that aspect of the case, I shall first consider the background to Mr. Edenborough's alternative argument under Section 3(6) and, to do that, it is necessary to have regard to certain other facts relating to Eicher Limited.
14. Royal Enfield motor cycles as manufactured during the war were used on active service by the Allied armies in South East Asia and, in particular, were widely used in India. They were of a simple construction and following Indian independence a company called Madras Motors Limited became agents for Enfield Motor Cycles and starting selling them in India. Initially the motor cycles were

imported in kit form and assembled there. However by 1958 full production of complete motor cycles was taking place in India and a separate company was set up called Enfield India Limited which was responsible for producing and selling motor cycles bearing the Enfield mark. By a series of transactions which need not be recited for the purposes of this decision, Eicher Limited became entitled to manufacture those motor cycles and has done so since December 1988.

15. In 1992 Bavanar Products Limited (the U.K. Importers of Eicher's motor cycles) applied to register the Royal Enfield mark and a declaration by Bavanar's Managing Director, Mr. Narayan relating to purported evidence of use was filed in support of that application. Mr. Narayan has sworn a further declaration in these proceedings and exhibited (as exhibit 5) the statutory declaration and exhibits previously given in support of the application.
16. Mr. Edenborough contended that the evidence relied upon by Mr. Narayan in his earlier declaration was false. The true position, Mr. Edenborough contended, was that although there had been use in this country of the trade mark "Enfield" in relation to motor cycles manufactured by Eicher Limited and imported by Bavanar Limited, there had been no use of the trade mark "Royal Enfield".
17. Mr. Edenborough contended that Mr. Narayan was well aware of this and drew my attention to a letter forming exhibit DMH14 to Mr. Holder's declaration which is a letter dated 22nd November

1989 from Pinsent & Co. solicitors then acting for Mr. Holder, to Mr. Holder. Paragraphs 23 and 24 of that declaration read as follows:

23. In our statement of grounds, it was explained briefly how VMCC acquired the rights in the trade mark (clause 6). This was on the whole denied by Bavanar in their counterclaim (also at clause 6). The denial that VMCC owns the trade mark came as a great surprise to me since they had approached me in 1989 with an offer to purchase the trade mark. There is now produced and shown to me, marked exhibit "DMH-14" a copy of correspondence from Pinsent's, my solicitors at the time, where Bavanar's offer has been discussed.

24. I have been advised by my trade mark agent, and I verily believe the same to be true, that both the application and the registration were applied for in bad faith because Bavanar knew at the time of filing both the application and the registration that VMCC was the rightful proprietor of the trade mark".

18. The most relevant part of the letter of 22nd November 1989 reads as follows:

"It seems, therefore, that neither Enfield India nor any U.K. distributor of their motorcycles has applied to register Enfield or Royal Enfield. I understand from you that Evesham Motor Cycles disappeared from the scene sometime ago but Enfield India's motor cycles are still being sold in this country but only under the mark Enfield. Enfield India asked you some two or three months ago if you would be interested in selling your rights to the mark Royal Enfield to them".

19. In paragraph 4 of his declaration, Mr. Narayan denies that he approached Mr. Holder in 1989 as claimed in Mr. Holder's statement and no application has made to cross examine Mr.

Narayan. The hearing officer considered this issue on pages 17 and 18 of his decision and concluded, for reasons that I need not repeat, that the charge of bad faith in relation to the 1992 application was not made out.

The Correct Approach to an Appeal to the Appointed Person

20. The jurisdiction of the Appointed Persons is set out in section 76 of the Act and is co-terminus with that of the High Court in England and Wales and Northern Ireland and the Court of Session in Scotland (see section 75) subject to the obligation of the Appointed Person to refer an appeal to the Court in the circumstances set out in section 76(3). It is clear therefore that the approach of this Tribunal should be the same as in the High Court or the Court of Session.
21. Prior to the introduction of Part 52 of the CPR, the approach on appeal to the High Court, which was the approach also adopted in this Tribunal, is set out by Robert Walker L.J. in *Proctor & Gamble Limited's Trade Mark Application* [1999] RPC 673 at 677 where he stated

“The Judge should recognise that he was not bound by the findings of the Hearing Officer, but said that he would be slow to differ from the Hearing Officer on a question which was largely one of impression and on which the Hearing Officer would be likely to have far wider experience. Mr. Morcom (Counsel for the Appellants) has directed some mild criticism at that approach but I see no force in the criticism. The Judge was right to pay respect to the view of the Hearing Officer, nevertheless he had to form his own view and he did so, though he reached the same conclusion as the Hearing Officer”.

22. Before me it was contended both as a result of the introduction of CPR part 52 and having regard to the observations of the House of Lords in Designers Guild Limited v. Russell Williams (Textiles) Limited (2001) FSR 113 that the correct approach by this Tribunal now would be to treat the appeal as a review rather than a re-hearing with a consequent greater reluctance to interfere with the decision of a hearing officer, particularly on issues of fact, such as the existence of a reputation or confusion.
23. I heard full argument on this but immediately after the hearing became aware that the same point had been canvassed in an appeal to the High Court in the case of South Cone Incorporated –v- Jack Bassant and others heard by Mr. Justice Pumfrey. I therefore delayed issuing this decision until after the Judgment of Pumfrey J. was available.
24. The South Cone appeal was an appeal from another hearing officer, Dr. Trott, in an opposition also based on the provisions of section 3(b) and Sections 5(4). In paragraphs 3-6 of his Judgment dated 25th July 2001, Pumfrey J. sets out the reasoning which led him to the conclusion expressed as follows at the end of paragraph 6
- “My approach will be as follows. Findings of primary fact will not be disturbed unless the hearing officer made an error of principle or was plainly wrong on the evidence. His inferences from the primary facts may be reconsidered, but weight will be given to his experience. No question of the exercise of a discretion arises. In this way, error will be*

corrected, but a different appreciation will not be substituted for that of the hearing officer if he has arrived at his conclusion without error.”

25. In reaching this conclusion, Pumfrey J. expressly took into account the fact that there was concurrent jurisdiction in the High Court,, the Court of Session and in this Tribunal and expressed the view that it was important that similar principles are applied by each jurisdiction. I agree.
26. Accordingly, if on the basis of the arguments before me, I had been minded to reach a conclusion different to that of Pumfrey J., it would, I apprehend, have been appropriate to refer the matter to the court pursuant to section 76(3) so that the matter could be settled in a higher court. Happily that is not necessary. The submissions before me had led me to conclude that the approach set out by Pumfrey J. was the correct one. There is therefore no need to refer the question to the court. Subject to any observations made by a higher court at a later date, this Tribunal should approach appeals in opposition proceedings in the manner set out by Pumfrey J.
27. I would add only this. Pumfrey J. drew attention to the fact that it could be suggested that an appeal from the Registry could be said to be the first judicial consideration of the Opposition, as the hearing officer, who is a member of the Registry, cannot be considered to be an independent tribunal. The point was not argued before him but was briefly touched upon before me.

28. Appeals arise from decisions of the Trade Mark Registry in two types of appeal, ex parte appeals from decisions of the Registry made in the course of prosecution of an application and inter partes appeals in opposition, invalidity or revocation proceedings where the Registry acts purely in a quasi-judicial capacity. In the later case, the hearing officer is, in my view, a truly independent tribunal. The proceedings are conducted in a manner akin to litigation (pleadings, evidence in writing with provision for cross-examination, disclosure if necessary, an oral hearing and so forth) and the Registry is given jurisdiction to adjudicate upon such disputes precisely because of the accumulated experience of the Registry in trade mark matters. In inter partes proceedings therefore this consideration does not cause me to question the approach outlined by Pumfrey J.
29. I have not heard argument on whether any different considerations apply to ex parte appeals and therefore express no views on the correct approach to these appeals.

The Appeal under section 3(6) – Bad Faith

30. I have outlined above the underlying facts and the contentions. Mr. Edenborough dealt with this argument second after he had addressed me on the question of reputation under section 5(4) (a). He submitted that the argument under section 3(6) had a small separate existence from that under section 5(4). The argument could, he submitted, be successful even if the argument under

section 5(4) failed although he accepted it was not the strongest of cases.

31. An 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 QB 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* (1878) 7 Ch. D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad 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. Further I do not believe that it is right that an attack based upon section 3(6) should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all.

32. In the present case Mr. Edenborough invited the Hearing Officer to infer bad faith from incidents which allegedly took place in 1989, the bad faith being in 1992. No application has made to cross examine Mr. Narayan to challenge his rejection of Mr. Holder's evidence. Mr. Edenborough told me that no application was made to cross examine because it was the practice of the Registry to

refuse such applications. I am unaware that there is such a practice and if there were to be, it would be wrong.

33. Where there is a conflict of evidence (and it is material for the purposes of the dispute for the Hearing Officer to resolve that conflict) and where it is thought that cross examination is either desirable or necessary to assist him in that task an application for cross examination must be made prior to the hearing before the registry. If the Hearing Officer wrongly declines to allow cross examination, that can be the subject of an appeal.

34. In the present case, no application was made and therefore there is no decision to refuse cross examination from which an appeal can be made. In those circumstances, I do not see how either the hearing officer or I can go behind the sworn evidence of Mr. Narayan and infer bad faith from some limited documentary material which occurred three years prior to the relevant date. The appeal under section 3(6) accordingly fails.

The Appeal under Section 5(4).

35. I turn then to the appeal under Section 5(4). Mr. Edenborough submitted, correctly, that this ground of opposition turned on one point, namely, did Mr. Holder have any common law rights in the mark “Royal Enfield” in the United Kingdom that pre-dates any rights that Eicher Limited might have had by 1992? On appeal, having regard to the approach set out by Pumfrey J., the question must be whether the hearing officer made an error of principle or

was plainly wrong on the evidence or whether he drew a wrong inference from the evidence.

36. Mr. Edenborough placed his case squarely upon the business carried out by VMCC since 1971. Paragraph 6 of his skeleton reads as follows:

“It is submitted that the evidence clearly demonstrates that the mark “Royal Enfield” was being used in the course of trade by Holder from about 1971 in the U.K. in relation to spare parts for original motor bikes. Thus, a protectable goodwill that is associated with that business.”

and he continued in paragraph 10;

“Eicher contends that in 1971, the father of Holder merely bought the physical parts from Enfield Cycle Company. It is submitted that this is wrong, the letter of sale refers to the “motor cycle spares activity” and that “the entire project has been sold”. Admittedly, the sale letter is not couched in the normal, formal, terms of an assignment, however, it is submitted that its intention and meaning is clear; namely, that Holder Senior was to take over the whole business of the spare parts. Clearly this sale included the right to make copies of the spare parts Moreover, it is submitted that this is consistent with the transfer of the copyright that the sale must have included by necessity the goodwill that resides in the conduct of that business under and by reference to the indicium “Royal Enfield”.

37. Mr. Edenborough took me fully and carefully through all the evidence. I have watched the video. He accepted that Velocette was the primary mark used by VMCC as is shown in the sample invoice annexed to Mr. Reynolds’ decision. The question is

whether the use of the words Royal Enfield in conjunction with parts supplied for existing Royal Enfield cycles has created a separate reputation attaching to the VMCC's business as sellers of spare parts. In paragraph 14 of his skeleton, Mr. Edenborough expressed the matter thus;

"14. Thus, in this regard Holder issued invoices that contain, inter alia, the mark "Royal Enfield", both on the heading and in the body of the invoice. It is submitted that this is sufficient to create a goodwill in that indicium. The suggestion that Holder can only have a goodwill in Velocette, which is his primary indicium is mis-placed, because a business may have goodwill in more than one indicium (e.g. Ford and Cortina).

38. Mrs Heal disputed that this was a correct conclusion on the evidence. She accepted that Mr. Holder was well known amongst enthusiasts as a source of spare parts for Royal Enfield motor cycles, but she contended there was no evidence that the mark Royal Enfield had become distinctive of his business rather than indicating the suitability of the goods supplied for use with Royal Enfield motor cycles. She contended that Mr. Holder was enabled to trade *upon the reputation of the Royal Enfield motor cycles, but that no goodwill accrued to his business in the mark "Royal Enfield"*.

39. The Hearing Officer's conclusion is encapsulated in the passage on page 13 lines 34-37

"Even so I do not find in the contemporaneous material any widespread belief or understanding that VMCC was anything other than a provider of Royal Enfield spares as distinct from having rights in the name".

40. I have been unable to identify any error in the approach of the Hearing Officer. He correctly identified the relevant law and he

properly assessed the factual material before him. Far from being satisfied that he was wrong in his conclusion, having been taken through all the material, I am wholly satisfied that he was right. Mr. Holder has not, on the evidence, established any sufficient reputation in the trade mark “Royal Enfield” as identifying his business as a purveyor of spare parts as opposed to the use of those words to indicate their suitability as spare parts for Royal Enfield motor cycles. Accordingly the Hearing Officer was correct in rejecting the case based on section 5(4).

41. This appeal must therefore be dismissed. The parties were in agreement that the costs should follow the event. Mr. Reynolds ordered that Mr. Holder should pay Eicher Limited the sum of £770 in respect of the consolidated proceedings and I direct that a further sum of £770 be paid to Eicher Limited as a contribution towards their costs of this appeal, to be paid on the same basis as indicated by Mr. Reynolds.

SIMON THORLEY Q.C.

27TH July 2001