

O/433/20

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 3175065
IN THE NAME OF ALL FILL INC**

**AND IN THE MATTER OF INVALIDATION No. 501783 THEREOF
BY ALL FILL INTERNATIONAL LIMITED**

**IN THE MATTER OF APPLICATION No. 3218634
IN THE NAME OF ALL FILL INTERNATIONAL LIMITED**

**AND IN THE MATTER OF OPPOSITION No. 409591 THERETO
BY ALL FILL INC**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
BY ALL FILL INC
AGAINST A DECISION OF MS AL SKILTON
DATED 5 AUGUST 2019**

DECISION

Background

1. This is an appeal against a decision of Ms Al Skilton, acting for the Registrar, issued in writing on 5 August 2019 under reference number BL O/454/19 in consolidated proceedings between All Fill Inc on the one part and All Fill International Limited on the other part.
2. The Hearing Officer called All Fill Inc, “All Fill US” and All Fill International Limited, “All Fill UK”. I will do the same.
3. The consolidated proceedings comprised, in time order:
 - 3.1 Opposition number 409591 filed on 22 June 2017 by All Fill US against Application number 3218634 dated 14 March 2017 in the name of All Fill UK requesting registration of the series of 2x designations ALL-FILL and allfill for use as trade marks in the UK in respect of goods and services in Classes 7, 37 and 42.

- 3.2 Invalidation number 501783 filed on 4 September 2017 by All Fill UK against UK Registration number 3175065 applied for on 17 July 2016 standing in the name of All Fill US for the mark ALL-FILL in Class 7.
4. As regards 3.1, Opposition number 409591 was grounded under Sections 5(1), 5(2)(a), 5(3), 5(4)(a) and 3(6) (subsequently abandoned) of the Trade Marks Act 1994. Under Section 5(1), 5(2)(a) and 5(3), All Fill US relied on All Fill US's earlier trade marks for ALL-FILL in Class 7: UK Registration number 3175065 and EU Registration number 015665532. Under Section 5(4)(a) All Fill US relied on goodwill in the UK in ALL-FILL in relation to all the goods and services applied for by All Fill UK, claimed from 1984.
 5. Regarding 3.2, Invalidation number 501783 was grounded under Sections 47(1) and 3(6) (bad faith) and Sections 47(2)(b) and 5(4)(a) (earlier unregistered right protected by the law of passing off) of the Act. All Fill UK's (and its predecessor's) claimed use of ALL-FILL in the UK for the registered goods in Class 7 since 1984 underlay both grounds of invalidation, accompanied by knowledge on the part of All Fill US and, or *inter partes* dealings in the case of Section 3(6).
 6. As the Hearing Officer identified, in the UK consolidated proceedings: (1) the trading area of interest/conflict between the parties was auger fillers and related goods and services; (2) a pivotal legal area of interest/conflict between the parties was, who was entitled to actionable goodwill in the UK in ALL-FILL for those goods and services at the relevant dates (17 July 2016 (invalidation), 14 March 2017 (opposition)).
 7. I did not understand either party to challenge these assumptions.
 8. The Hearing Officer disposed of the consolidated proceedings as follows:
 - 1) All Fill UK owned the actionable UK goodwill in ALL-FILL for auger fillers and related goods and services at the filing date of UK Registration number 3175065, 17 July 2016. That Registration in the name of All Fill US was, therefore, invalid under Sections 47(2)(b) and 5(4)(a) of the Act.
 - 2) The ground of invalidation under Sections 47(1) and 3(6) of the Act failed.
 - 3) The opposition against All Fill UK's Application number 3218634 failed under Section 5(1), 5(2)(a) and 5(3) in so far as based on All Fill US's UK Registration number 3175065 (which had been declared invalid), and under Section 5(4)(a) because All Fill UK was found to be entitled to protectable UK goodwill in ALL-FILL/allfill at the filing date of the Application (14 March 2017).
 - 4) The opposition based on All Fill US's EU Registration number 015665532 was stayed pending the final outcome of a cancellation action brought by All Fill UK in the EUIPO against that earlier trade mark.
 9. I was informed that in *CANCELLATION No 15 782 C (INVALIDITY)*, 21 November 2019, the Cancellation Division of the EUIPO declared invalid All Fill US's EU Registration number 015665532 on the ground that at the filing date, 18 July 2016,

the mark ALL-FILL had been applied for by All Fill US in bad faith. I was provided with a copy of the Cancellation Division's decision, which I understand is the subject of a pending appeal to the Board of Appeal under number R0125/2020-1.

10. On 23 September 2019¹, All Fill US appealed to the Appointed Person under Section 76 of the Act against the decision of the Hearing Officer to invalidate All Fill US's Registration number 3175065.
11. This was duly followed by a Respondent's notice upholding the Hearing Officer's decision and/or purportedly advancing the different/additional grounds that: (1) All Fill UK's goodwill in the ALL-FILL mark in the UK derived from an earlier date than decided by the Hearing Officer; (2) the Hearing Officer should have found that Registration number 3175065 was applied for by All Fill US in bad faith.
12. I return to the subject of the Respondent's notice below, but pause here to note that: (1) above sought to supply an additional reason for maintaining the Hearing Officer's decision to declare All Fill US's Registration number 3175065 invalid under Sections 47(2)(b) and 5(4)(a); whereas (2) above did not seek to maintain the Hearing Officer's decision to reject the invalidation under Sections 47(1) and 3(6), but rather to challenge it.
13. At the hearing of the appeal held by video conference, All Fill US was represented by Ms Amanda Michaels of Counsel² instructed by S & P Legal. All Fill UK was represented by Mr Michael Hicks of Counsel instructed by Mills & Reeve LLP.
14. There was no point taken on the standard of review. I was referred to the summary of principles set out in the judgment of Mr Daniel Alexander QC sitting as the Appointed Person in *TALK FOR LEARNING Trade Mark*, BL O/017/17 at paragraph 52, and the following passage from *Actavis Group PTC v. Icos Corporation* [2019] UKSC 15, Lord Hodge:

“80. What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge's conclusions of primary fact but with the correctness of the judge's evaluation of the facts which he has found, in which he weighs a number of different factors against each other. This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible: *Assicurazioni Generali SpA v Arab Insurance Group (Practice Note)* [2002] EWCA Civ 1642; [2003] 1 WLR 577, paras 14-17 per Clarke LJ, a statement which the House of Lords approved in *Datec Electronic Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23; [2007] 1 WLR 1325, para 46 per Lord Mance.”

¹ Time was extended by the Registrar for the filing of an appeal.

² All Fill UK consented in writing to the appearance of Ms Michaels on behalf of All Fill US, Ms Michaels being herself appointed as an Appointed Person (see *BUSINESS INSIDER Trade Mark*, BL O/004/18)

15. The following observations in *BRUTT Trade Marks* [2007] R.P.C. 19 (Richard Arnold QC sitting as the Appointed Person, paras. 21, 24) also resonate in the present proceedings:

“This is a case ...in which each side has a clear case on the central issue: [both parties contended that they were entitled to the exclusion of the other to the UK goodwill in ALL-FILL for augur fillers etc. from 1984 up until the relevant date, 17 July 2016]. In such circumstances the fact-finding tribunal should strive to decide what the correct version of events is (which is not to say that the tribunal is confined to the versions advanced by the parties) ...”

And

“... before addressing the conflicts of evidence the fact-finding tribunal should first consider what is common ground, what is asserted by one party and not contested by the other and vice versa and what is shown by the documentary evidence. Once these matters have been ascertained and put into chronological order, it is frequently much easier to resolve the remaining conflicts. In resolving such conflicts it is of assistance to consider which version of events is the more likely.”

History

16. At this point it is appropriate to say something of the history of the parties, the dealings between the parties (including their predecessors where relevant) and the findings of the Hearing Officer in relation thereto.
17. The Hearing Officer reviewed the evidence of the parties at length in her decision at paragraphs 12 – 153 inclusive.
18. It was not, in so far as I am aware, suggested by either party that the Hearing Officer omitted from her detailed description any material fact or misdescribed or misrepresented any of the evidence. The challenges were not to her conclusions of primary facts but rather to her evaluation of those facts and the results that flowed therefrom.
19. The reader is therefore referred to the Hearing Officer’s detailed account as referred to above. What follows below is an outline of main events, and I will record only those facts and findings that are pertinent to the present appeal.

Up to 1984

20. Thus, the first use of ALL-FILL in the UK was by All Fill US evidenced in relation to augur fillers and auger filler parts and accessories from around at least 1975, and in relation to servicing from around 1981. This included dealings in relation to augur machines and parts and the supply of services between All Fill US and Chris Head of Hamilton Machinery Sales Limited, who acted as UK agents for All Fill US.
21. The Hearing Officer’s *unchallenged* findings on UK goodwill in ALL-FILL prior to 1984 were as follows (emphasis supplied):

“179. Normally, it would be expected that a party seeking to rely on section 5(4)(a) and therefore needing to provide documents in support of its goodwill, should be able to do so with relative ease. However, I bear in mind that here All Fill was founded 50 years ago, meaning that paper records from that time are not likely to be complete and there will be a greater degree of difficulty in locating the documents that are still available, with them unlikely to be close at hand. Nevertheless, the evidence provided shows that All Fill US had a protectable goodwill in the UK by September 1984. There is little evidence for the first few years of the period but from the mid 1970s there is a consistent pattern of sales into the UK, primarily through agents and representatives of All Fill US based in the UK and the US. All Fill US’s attendance at Pack Ex in 1980 shows that it made its goods directly available to customers in the UK and sought further business here. All Fill US also supplied parts for the machines that were sold in the UK and provided servicing to UK customers. The use shown is such that the goodwill is associated with the words ‘All Fill’. The goodwill rests in auger fillers and parts for auger fillers and servicing and repair of such goods.”

180. I find that, by September 1984 All Fill US had protectable goodwill in the UK for auger fillers and parts for auger fillers sold under the sign All Fill and servicing and repair of such goods.”

1984 – 1993

22. In 1984, All Fill UK was set up as a joint venture between All Fill US, Chris Head (who by this time had departed Hamilton Machinery Sales Limited) and Mike Leroy who each took a 30% shareholding in All Fill UK; the remaining 10% shareholding being left open for investors.
23. It appears that the objectives of the joint venture were *inter alia* for All Fill UK to: (1) manufacture semi-automatic and smaller automatic auger filler machines for the UK, European and African markets, which needed to conform to specific requirements; and (2) act as sole agents for selling All Fill US’s larger auger filler machines in the UK and Ireland.
24. It was common ground that no formal licensing arrangements were entered into between All Fill US and All Fill UK including as to use of the ALL-FILL name.
25. Draft licence agreements were prepared in 1984 and 1985, which were mentioned in both parties’ evidence and exhibited to the Witness Statement of Michael Rowland Watts for All Fill UK, dated 17 January 2018 (MRW5 and MRW6) and the Witness Statement of Ryan Edginton for All Fill US, dated 16 January 2018 (REX 5).
26. Neither draft licence agreement was ever signed/dated. Further as the Hearing Officer noted neither draft licence agreement dealt with use of the name and mark ALL-FILL or the goodwill arising therefrom in the course of business in the UK. The draft terms were in connection with the proposed manufacture/sale by All Fill UK of “Licensed Equipment” (seemingly undefined) in the UK and Europe (“Area of Grant”) covering issues such as related know how, technical improvements, infringements of third party rights, term, termination and so on.

27. It appears that drafts of a shareholders' agreement were also prepared in 1984 and 1985 but that they likewise remained unsigned/undated. A 1984 draft was exhibited to the Witness Statement of Christopher David Head dated 12 January 2018 (CDH 5) and contained draft provisions covering the relationship and duties of the shareholders within the joint venture, mark up by All Fill US on sales of equipment parts to All Fill UK, provisions governing the sales of shares and so on, but nothing relating to the use of the ALL-FILL name and mark/goodwill arising therefrom.
28. Nevertheless, the Hearing Officer accepted on the basis of sworn statements on behalf of All Fill US by the players at the time (or with sworn knowledge of previous events) and other contemporaneous evidence from the period 1984 - 1993, for example, a joint venture investor presentation, dated August 1984 (CDH 1) and a letter from All Fill UK's auditors, Watts Knowles & Company, dated 7 February 1990 (CDH 6) that the parties traded on the basis of a "gentleman's agreement" to the effect *inter alia* that All Fill UK was informally licensed by All Fill US to use the ALL-FILL name and mark in the UK in relation to auger fillers and related goods and services, and that any resultant goodwill in the UK in the ALL-FILL name and mark should accrue to All Fill US:

"186. I have already concluded that All Fill US had a protectable goodwill in the UK by 1984, the date at which the joint venture was established. The goodwill was vested in the name All-Fill for auger filling machines and parts and related services. The purpose of the unsigned agreements between the parties was for All Fill UK to use the All Fill name in the UK to build on the goodwill already established by All Fill US.

[...]

193. Under the heading, 'Market Scenario' on page 10 [joint venture presentation] the last paragraph reads:

"In essence, All Fill US see their future growth in those markets discussed as dependent upon the formation of a strong European manufacturing company. The formation of All Fill UK will enable them to take fullest advantage of the established commercial ties between the UK and its traditional export markets whilst allowing the new Company to utilize the already known All-Fill trade mark."

194. This clearly indicates the intentions of both parties at the outset of the joint venture partnership in 1984 and the evidence shows that the parties continued to conduct their businesses as if this were the case. Though it must be noted that this was, at best, a verbal agreement with implied terms.

[...]

203. Applying the criteria outlined in Wadlow [The Law of Passing Off, 5th Edition, 3-150] and referred to above, the commercial purpose of the verbal agreement on implied terms between All Fill UK and All Fill US in 1984 was to licence the use of the All Fill name in respect of which All Fill US had goodwill. The license was to be granted to All Fill UK who had no such

goodwill in the UK at that time. The circumstances were such that All Fill UK's use of the All Fill name, without a licence, would otherwise be actionable as passing off. Wadlow concludes that in the absence of an agreement to the contrary or other supervening factors, the goodwill in the business so carried on by the licensee under the licensed name or mark will accrue to the licensor rather than the licensee.

[...]

211. With regard to the unsigned agreements, the parties appear to have traded broadly along these lines, though again, I reiterate, neither agreement made any reference to goodwill. The parties continued to deal with each other on that basis. There are no agreements to the contrary and there is no evidence of any supervening factors or occurrences that changed this situation at this time. All of the parties who were involved in both the US and UK companies at that time, agree that they traded on the basis of a licensor/licensee relationship. I find no reason to conclude otherwise.

[...]

216. I find that from 1984, the All Fill companies in the US and the UK worked together to build on the goodwill already established by the US company in the UK. Given that All Fill UK was acting as a licensor for All Fill US in accordance with the test in Wadlow. The goodwill generated in this period is owned by All Fill US.”

29. All Fill UK had argued to the contrary *inter alia* that All Fill US had chosen to profit from the 1984 joint venture by taking a shareholder's interest in All Fill UK rather than licensing use of the name and mark ALL-FILL in the UK in return for a licence fee and accrual of goodwill. All Fill UK relied on the following statement by John F Williams, Vice President of Operations, All Fill US in a letter to Chris Head, All Fill UK, dated 9 July 1990 (Witness Statement of Ryan Edginton, dated 16 January 2018, REX 5):

“Originally when the company [All Fill UK] was established we decided that rather than working on a Royalty/licencing arrangement that we would prefer to actually own part of the Company.”

1993 onwards

30. In around 1990 Chris Head, who had assumed the role of Managing Director of All Fill UK from 1984 onwards, indicated an intention to leave All Fill UK for personal reasons. Mr Head from quite early on in the joint venture had become the majority shareholder in All Fill UK.
31. Mr Michael Rowland Watts joined All Fill UK in 1992 as Sales and Marketing Director and it was agreed between the shareholders including All Fill US that Mr Watts would take over All Fill UK.

32. Essentially, this was achieved through 2x agreements entered into in 1993 with Mr Watts' company M&R 574 Limited, which was going to purchase All Fill UK.
33. First, All Fill US transferred to M&R 574 Limited, its shareholding in All Fill UK for the one part, cash and for the second part, a 5% shareholding in M&R 574 Limited. This agreement confirmed the continued operation (with certain exceptions) of a pre-existing territorial division of markets for the sale of augur fillers and related goods between All Fill US and All Fill UK, and the ongoing sharing of know-how (Agreement, dated 24 November 1993, All-Fill Inc. (1) and M&R 574 Limited (2)).
34. Clause 4.3 stated that:
- “The Transferor [All Fill US] acknowledges that the Transferee [M&R 574 Limited] shall have and that [All Fill UK] shall continue to have the right to use the name “All-Fill” both as a corporate name and in connection with the sale of the Products [“powder filling machinery and related equipment”] following Completion.”
35. In Clause 4.4, All Fill US acknowledged that it had no claims against All Fill UK.
36. There was no mention of any licensing arrangements in the agreement or any reference to goodwill in All Fill UK's territories including the UK being reserved for All Fill US (or at all).
37. Second, there was an agreement between Mr Head, All Fill UK and M&R 574 Limited in which Mr Head transferred his shareholding in All Fill UK to M&R 574 Limited. This agreement was expressed to be conditional on *inter alia* the sale by All Fill US of its shareholding in All Fill UK to M&R 574 Limited (Clause 3.1) (i.e., completion of the first agreement above) (Agreement, dated 24 November 1993, Christopher David Head (1) All-Fill International Limited (2) M&R 574 Limited (3)).
38. The sale had been preceded by what appears to have been a fairly extensive due diligence exercise carried out between the respective solicitors of the parties.
39. The sale was subject to warranties given by Mr Head including in respect of All Fill UK qualified only by matters disclosed in a letter of disclosure. The agreement acknowledged that the purchase was made in reliance on those warranties. (Clause 8, Schedule 4).
40. Warranty 12.2 stated:
- “All Intellectual Property Rights used or required by [All Fill UK] in connection with its business are in full force and effect and are vested in and beneficially owned by [All Fill UK] free from and clear of any restrictions or encumbrances ...”
41. Warranty 12.5 continued:
- “[All Fill UK] has not been granted any licence or right under or in respect of any Intellectual Property Rights of a third party and by carrying on

business in the ordinary course [All Fill UK] is not and will not become liable to pay any royalty or like fee and no substantial part of [All Fill UK's] business is carried on under the agreement or consent of a third party ...”.

42. Enquiries preliminary to the sale requested: in 4.7, details of beneficial ownership/use of/objections to use of the name of All Fill UK (whether in relation to All Fill UK or otherwise); in 4.9 details of any licensing/franchising arrangements relating to use of the name; and in 4.10 details of any intellectual property rights used by All Fill UK (whether under license or otherwise).
43. In written replies, dated 18 October 1993, Mr Head stated:
 - “4.7 As you will know, [All Fill US] have approved use in the UK by [All Fill UK] of the words “All Fill”. There is absolutely nothing in writing.
 - [...]
 - 4.9 Again there is nothing in writing. Mr Watts will know the extent to which the name All Fill is used.
 - 4.10 [All Fill UK] would claim copyright in respect of all its exclusive drawings but there are no patents registered designs etc. [All Fill UK] appears to rely on common law protection”.
44. The Hearing Officer recorded the above and the evidence of Mr Watts that he knew nothing at the time of any pre-existing licence arrangement (Witness Statement of Michael Rowland Watts, dated 16 January 2018, para. 23). She also noted from the parties’ evidence that by 1993 All Fill UK was manufacturing its own augur fillers *inter alia* to conform to progressively stricter EU regulatory requirements (see, e.g., Witness Statement of Michael Rowland Watts, dated 16 January 2018, para. 22).
45. There followed some company restructuring on the UK side with M&R 574 Limited changing its name to All Fill Limited and All Fill UK trading as the former’s wholly owned subsidiary. Then as I understand it in 2007, All Fill Limited and All Fill UK swapped places and names. All Fill Limited became the trading company and changed its name to All Fill UK. All Fill UK changed its name to All Fill Limited and became dormant.
46. The parties continued to trade in their respective geographical areas uneventfully as far as these proceedings are concerned until around 2016.
47. In 2015, Mr Watts decided to sell the business for personal reasons. There were negotiations between the parties for the potential acquisition of All Fill UK by All Fill US, but these collapsed in 2016/2017 and Mr Watts informed All Fill US that they would be proceeding with an alternative buyer.
48. I note that these discussions between the parties proceeded on the basis of *inter alia* a significant sum for goodwill although Mr Ryan Edginton, President and CEO of All Fill US who was responsible for negotiations on the US side submitted that this

“goodwill figure” from his perspective meant: “*the difference between the purchase price and the fair value of the target company’s identifiable assets*” which went further than goodwill for the purposes of passing off (Second Witness Statement of Ryan Edginton, dated 29 March 2018, REX 14, para. 24.iv).

49. The findings of the Hearing Officer in relation to the ownership of UK goodwill in the wake of the 1993 agreements were as follows:

“The ownership of goodwill from 1993

249. Having carefully considered all of the evidence and submissions in this case I find that the essence of the 1993 agreement was that Mr Watts would be the majority shareholder in All Fill UK, with All Fill US maintaining a 5% share. The parties formally agreed that they would trade in different territories, with All Fill UK trading in the UK. By this time, it would appear from the evidence, that All Fill UK was making the majority of the machines sold in the UK and the EU, not least because they had to meet EU standards. Technical support by All Fill US to All Fill UK in respect of control systems was reducing and, in any case, does not appear to be any more than would have been provided by a third party supplier. The control systems were rebadged to show All Fill UK as the undertaking responsible for them, and the same is true of the machines provided by All Fill UK to customers in, at least, the UK. The parties’ attendance at trade shows was a joint collaboration aimed at international audiences and is consistent with a collaboration rather than a licence, particularly as costs were split along the lines of the expected geographical mix of attendees and the evidence is that All Fill UK dealt with UK customers (and customers from their other territories) and All Fill US dealt with, inter alia, US customers.

250. All Fill UK was evidently profitable by 1993, yet there is no evidence of licence payments from All Fill UK to All Fill US. I am unclear as to what All Fill US was being given in return for its licence. I find that the verbal agreement with implied terms which existed between All Fill US and All Fill UK when it was established as a joint venture partnership in 1984 was ended by the 1993 agreement, which coincided with All Fill US selling the majority of its shares in All Fill UK. Mr Watts made reasonable enquiries of Mr Head concerning the intellectual property rights of All Fill UK and was given the following warranty: [Warranty 12.2, see para. 40 above].

251. I have no doubt that All Fill US intended the earlier relationship it had with Mr Head to continue when Mr Watts took over the company. However, there are two reasons why I find this is not the case. Firstly, the agreements on which the joint venture partnership was based were not signed and are not legally binding. It is the evidence of Mr Head and All Fill US that they traded on the basis of those agreement that has led me to conclude that that was indeed the position from 1984 to 1993. Secondly, Mr Watts was not privy to the verbal agreement between Mr Head and All Fill US, nor was it brought to his attention during the sale of shares from Mr Head to Mr Watts. Mr Head relies on the responses he made to the initial questions from the

purchaser (Mr Watts) in which he said that Mr Watts knew the basis on which the parties traded. However, these responses do not establish what Mr Watts knew about the relationship with All Fill US. Mr Watts submits that he did not know of any pre-existing licence arrangement. The fact that Mr Watts worked for All Fill UK prior to his purchase of the majority of shares in the company does not mean that he had knowledge of unsigned documents prepared nine years earlier, when All Fill UK was established. Furthermore, having received the final written warranty from Mr Head, which I have reproduced at paragraph 250 above, Mr Watts was clearly entitled to rely on the fact that All Fill UK was the beneficial owner of the goodwill it had generated. Furthermore, the clear terms of Mr Head's warranty to Mr Watts, that all intellectual property was owned by the UK company, stands in stark contrast to his evidence that Mr Watts knew that the trade name of the company was used under licence from All Fill US.

252. I find that the implied licence was ended by the 1993 agreement and that following that date All Fill UK used the All Fill name on its own account.”

50. Thereafter, the Hearing Officer decided that All Fill UK had established that it was entitled to actionable goodwill in auger fillers and related goods and services in the UK under and by reference to the name and mark ALL-FILL:

“All Fill UK’s goodwill in the UK

253. Mr Watts submits that by 1993 All Fill UK was manufacturing and selling a comprehensive range of semi-automatic and automatic auger fillers because each application had to meet the specific requirements of each customer (as well as EU regulations) and All Fill UK employed a design team for that purpose.

254. With regard to sales figures Mr Watts says that between 1994 and 2004 All Fill UK turned over approximately £1 million per year in the UK under the signs All Fill and All Fill International. Detailed figures have been provided from 2004 to 2017 and these show sales in excess of £1 million per year, with the exception of April 2007 – March 2008 and April 2009 – March 2010 when the figures were £836,130 and £968,969 respectively.

255. Mr Watts says of these figures that 15% of turnover relates to the sale of spare parts and repair and maintenance of auger filler machines.

256. It is clear from both parties’ evidence that the nature of the auger filler industry is such that most sales are generated through attendance at trade shows. Mr Watts has shown regular attendance at such shows and has provided evidence of brochures given out at such events which outline the types of machines available and the range of customisations that can be made for particular manufacturing and packaging sectors.

257. It is clear from the evidence that both the UK and US companies continued to work closely together following the agreement signed in 1993. At various points in both sides’ evidence this is accepted. Given the nature of

the companies and the way in which All Fill UK was established, this is not surprising. What is not agreed is the nature of that relationship.

258. Having scrutinised the evidence carefully, I find that following the 1993 agreement All Fill UK manufactured increasing numbers of its own machines to EU standards, and by the mid-2000s the UK marketing literature was created by the UK company using its own material. That literature was made available to All Fill UK's customers, including UK customers, at trade shows and on its website. The goods bore All Fill UK's name and its UK address and I note that examples of plates fixed to machines show that they included the words MADE IN BRITAIN."

51. Putting her findings into the context of All Fill UK's invalidity claim against All Fill US's UK Registration number 3175065 under Section 47(2)(b) and Section 5(4)(a) of the Act, the Hearing Officer held that this was successful:

"259. All Fill US's trade mark was applied for on 17 July 2016. All Fill UK opposes the trade mark relying on the sign ALL-FILL. I have found that by the date of application All Fill UK had protectable goodwill in the UK in the sign All Fill for auger fillers, parts and repair and maintenance of those machines. It is clear from the evidence that All Fill UK had been operating independently for at least 13 years by the relevant date. All Fill US had agreed to target different markets during this time. Consequently, although All Fill US claims to have made occasional sales to UK customers after 1993, these were likely to have been exceptional and intermittent. In these circumstances, the UK goodwill held by the US company was likely to have dissipated over time to the point where, by 2016, the name All-fill was distinctive in the UK only of the UK company. This is consistent with the evidence from customers set out in paragraphs 68 and 69 above. It is true that this evidence comes from only two customers. However, it is notable that All Fill US has not filed any evidence from UK customers supporting its claim that All Fill is distinctive of it in the UK.

260. Assuming use of the registered trade mark by All Fill US in respect of identical goods and services, such as repair and maintenance of the same machines, I find that a substantial number of the relevant public would have been deceived at the relevant date, which is the date of application, namely 17 July 2016.

261. With regard to damage, I note that in *WS Foster & Son Limited v Brooks Brothers UK Limited*, Mr Recorder Iain Purvis QC stated:

"Damage

55 Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark. Mr Aikens accepted that if there was a misrepresentation in the present

case, then he had no separate case on damage. I hold that damage is inevitable, at least in the sense recognised in *Sir Robert McAlpine v Alfred McAlpine* [2004] RPC 36 at 49 (the ‘blurring, diminishing or erosion’ of the distinctiveness of the mark).”

262. I find that to be the case here. All Fill UK generated its own goodwill in the UK from 1993 and by the date of application in the UK by All Fill US, All Fill UK had a protectable goodwill in the UK in that sign. Clearly, it follows that use of the same sign for the same goods in the UK by All Fill US would have resulted in damage to All Fill UK through, at least, loss of control of the sign and loss of sales.

263. The invalidation succeeds under section 47(6) and 5(4)(a) of the Act.”

Grounds of appeal

52. As I said, on 23 September 2019, All Fill US appealed against the Hearing Officer’s decision to declare invalid All Fill US’s UK Registration number 3175065 as having been registered contrary to Section 5(4)(a).
53. The overriding ground of appeal was that the Hearing Officer made a number of material errors, which individually or together, led her erroneously to conclude that that Registration number 3175065 was invalid.
54. As I have previously indicated, All Fill US accepted the Hearing Officer’s findings up until those relating to 1993 onwards. In other words argument centred on the events leading up to and including the 1993 agreements.
55. The first ground of appeal was that the Hearing Officer erred in her conclusions as to the determination of the informal licence in 1993.
56. Specifically, it was argued that: (a) the Hearing Officer did not base her conclusions on the terms of the 1993 agreement (by which Ms Michaels meant the agreement between All Fill US (1) and M&R 574 Limited (2)); but (b) on the warranties given by Mr Head; which (c) was wrong.
57. I disagree with each and all of those statements.
58. First, it is clear from a review of the decision that the Hearing Officer considered the events leading up to the 1993 agreement including that agreement itself holistically.
59. That was because the 2x agreements, both signed on 24 November 1993, were obviously part of the same deal and inextricably linked.
60. The agreement between Mr Head, All Fill UK, and M&R 574 Limited, in which *inter alia* Mr Head transferred the majority shareholding in All Fill UK to M&R 574 Limited and contained the warranties given by him, was expressly stated to be conditional *inter alia* on the transfer by All Fill US to M&R 574 Limited of All Fill US’s significant shareholding in All Fill UK (i.e., the 1993 agreement). Moreover, All Fill UK (in which All Fill US originally held a significant and, post- the 1993

agreement initially via M&R 574 Limited, a reduced shareholding) was a party to the agreement in which those warranties were given.

61. Second, the Hearing Officer had already determined that any informal licensing arrangements that may have existed prior to that between the parties were based on (in their words) “a gentleman’s agreement” between Mr Head and the other players on All Fill US’s side at the time.
62. Third, the Hearing Officer stressed that had it not been for that “gentleman’s agreement” attested to by Mr Head etc. she would have held that no prior licensing arrangements existed. That was because the 1984 and 1985 draft agreements were unsigned and unagreed, and in any event neither contained any mention of use of the name and mark ALL-FILL, or attribution/destination of UK goodwill.
63. Fourth, the Hearing Officer noted that *inter alia* the 1993 agreement also contained no reference to, or provisions governing a licence to All Fill UK/M&R 574 Limited for the use of ALL-FILL/UK goodwill relating thereto, beyond Clause 4.3 (reproduced at para. 34 above) which she considered equivocal.
64. Fifth, the Hearing Officer took into account that Mr Head had effectively warranted that no licence existed, and that all intellectual property belonged to All Fill UK.
65. Sixth, the Hearing Officer accepted the evidence of Mr Watts that he had no knowledge of any pre-existing licence.
66. Seventh, for similar reasons, I think that it was also irrelevant that All Fill US was not a party to the agreement in which the warranties were given. All Fill UK was a party to that agreement. More to the point, as noted by the Hearing Officer, Mr Watts was not privy to the informal “gentleman’s agreement” made by Mr Head, and there was no evidence that this had been brought to the attention of Mr Watts. A contractual arrangement between party A and party B cannot *per se* bind party C.
67. The second ground of appeal was that the Hearing Officer erred in preferring the evidence of Mr Watts that he did not know of any pre-existing licensing arrangement over the evidence of Mr Head that Mr Watts did. In the absence of cross-examination, a hearing officer is entitled to evaluate the evidence on the basis of the written materials on file. On this point, the Hearing Officer observed (para. 251):

“Furthermore, the clear term of Mr Head’s warranty to Mr Watts, that all intellectual property was owned by [All Fill UK], stands in stark contrast to his evidence that Mr Watts knew that the trade name of [All Fill UK] was used under licence from All Fill US.”
68. It seems to me that this is a matter of All Fill US disagreeing with the evaluation rather than error on the Hearing Officer’s part.
69. Third, All Fill US contended that the Hearing Officer failed to take into account the absence in the 1993 agreement (All Fill US (1) and M&R 574 Limited (2)) of warranties as to the use of ALL-FILL, and/or provisions relating to the termination of the previous informal trade mark licence.

70. Fourth, it was argued that the Hearing Officer failed to construe Clause 4.3 of the 1993 Agreement.
71. In my view, grounds 3 and 4 were merely re-arguments of rejected ground 1 above.
72. Grounds 5 – 10 were that the Hearing Officer erred in:
- 1) supposedly finding that the increasing manufacture of augur machines by All Fill UK in the UK showed that the prior licence had been terminated and that by 2016 goodwill belonged to All Fill UK. I reject that criticism. At this point of the decision the Hearing Officer was considering the strength of All Fill UK’s goodwill after 1993;
 - 2) finding that the unsigned agreements in 1984/1985 were not legally binding . That was perfectly correct. The Hearing Officer’s finding was that an informal licence arose out of a verbal “gentleman’s agreement” between the personae concerned in the period 1984 - 1993;
 - 3) observing that she had “*no doubt that All Fill US intended the relationship it had with Mr Head to continue when Mr Watts took over [All Fill UK]*”. I see nothing wrong with this observation. The fact of the matter was that the evidence on behalf of All Fill US including that of Mr Head was that the parties had previously traded on the basis of a “gentleman’s agreement”;
 - 4) following on from 3), failing to take into account the impact of that intention in construing the 1993 agreement. This went back to the criticism that the Hearing Officer failed to construe Clause 4.3 of the 1993 agreement as contended for by All Fill US, which I have already dismissed;
 - 5) finding that Mr Watts was “*entitled to rely on the fact that All Fill UK was the owner of the goodwill it had generated*”, which was inconsistent with her previous finding that All Fill US owned the goodwill from 1984 – 1993. This criticism took the Hearing Officer’s above statement out of context which was the due diligence exercise and warranties.
 - 6) Ground 10 contained a number of sub-grounds. It was alleged that the Hearing Officer erred in:
 - a) taking into account the territorial restrictions in the 1993 agreement which were not a new arrangement. The Hearing Officer’s observation in question was that the parties *formally* agreed in the 1993 agreement to trade in different territories, which was true;
 - b) relying on the evidence that by 1993, All Fill UK was making the majority of machines sold in the UK/EU. This was one of several background factors the Hearing Officer took into account in determining the ownership of goodwill from 1993. It has not been

suggested that it was untrue, and I found nothing untoward in the Hearing Officer's approach;

- c) dismissing the technical support supplied by All Fill US to All Fill UK. The Hearing Officer did not dismiss the technical support. What she said was: "*Technical support by All Fill US to All Fill UK in respect of control systems was reducing and, in any case, does not appear more than would be provided by a third party supplier*";
- d) relying on the lack of licence payments. Again this was a factor which, despite All Fill UK being profitable by then, pointed to there being no licence after 1993, and which in my judgment the Hearing Officer was entitled to take into account.

Conclusion

73. In the result, All Fill US's appeal against the Hearing Officer's decision to invalidate All Fill US's UK Registration number 3175065 under Sections 47(2)(b) and 5(4)(a) failed.

Respondent's notice

74. It was therefore unnecessary for me to consider All Fill UK's Respondent's notice.

75. Nevertheless, I will make the following observations.

76. Rule 71(4) – (5) of the Trade Marks Rules 2008 provides:

“(4) Where any person other than the appellant was a party to the proceedings before the registrar in which the original decision was made (“the respondent”), the registrar shall send to the respondent a copy of the notice and the statement and the respondent may, within the period of 21 days beginning with the date on which the notice and statement was sent, file a notice responding to the notice of appeal.

(5) The respondent's notice shall specify any grounds on which the respondent considers the original decision should be maintained where these differ from or are additional to the grounds given by the registrar in the original decision.”

77. In *AIRBLUE Trade Mark*, BL O/600/18, paragraphs 75 – 80, I held that there was no provision in the Act or the Rules for the filing in a Respondent's notice of a respondent's appeal against a decision by a Hearing Officer, in that case, the Hearing Officer's costs order.

78. Instead, I held that in order to bring its own appeal, a Respondent needed to comply with Section 76(1) – (2) of the Act and Rule 71(1) – (2) of the Rules which provide:

“s.76. - (1) An appeal lies from any decision of the registrar under this Act, except as otherwise expressly provided by rules.

For this purpose “decision” includes any act of the registrar in exercise of a discretion vested in him by or under this Act.

(2) Any such appeal may be brought either to an appointed person or to the court.

r.71.—(1) Subject to paragraph (1A), notice of appeal to the person appointed under section 76 shall be filed on Form TM55 which shall include the appellant’s grounds of appeal and his case in support of the appeal.

1(A) Where the appeal arises in proceedings between two or more parties, notice of appeal to the person appointed under section 76 shall be filed on Form TM55P, which shall include the appellant’s grounds of appeal and his case in support of the appeal.

(2) Forms TM55 or TM55P shall be filed within the period 28 days beginning immediately after the date of the registrar’s decision which is the subject of the appeal (‘the original decision’).”

79. I also stressed in *AIRBLUE* the importance in Registry/Appointed Person proceedings of using the prescribed forms by reference to the decisions of Mr Geoffrey Hobbs QC sitting as the Appointed Person in *LEATHER MASTER Trade Mark*, BL O/084/04, paras. 8 – 10 and *BSA BY R2 Trade Mark*, BL O/144/07, paras. 38 – 40, 45 – 48 (see *AIRBLUE*, f/n 4).
80. A respondent’s notice under the Civil Procedure Rules is governed by CPR rule 52.13 and Practice Direction 52C.
81. Although the CPR are not applicable in Registry/Appointed Person proceedings under the 1994 Act and the 2008 Rules³, the passages set out below from the judgment of Sir Timothy Lloyd in *Michael Fielding Wolff v. Trinity Logistics USA Inc* [2018] EWCA Civ 2765 are, by parity of reasoning, instructive.
82. In *Trinity Logistics*, the respondent had brought 4x claims against the appellant for: (1) procuring breach of contract; (2) procuring conversion; (3) deceit; and (4) conspiracy. The claim for procuring breach of contract was upheld at first instance but the other claims dismissed. In an appeal by the appellant against the finding against him of procuring a breach of contract, the respondent in a respondent’s notice sought *inter alia* to challenge the dismissal by the judge of the procuring conversion and conspiracy claims.
83. Sir Timothy Lloyd (with whom Newey LJ and Longmore LJ agreed) held as follows⁴ (emphasis added)

“85. Mr Knox submits that TUSA is a "respondent who seeks to contend that the order of the court below should be upheld for reasons other than those given by that court", and must therefore serve a Respondent's Notice but does

³ See, e.g., *PARIS BREAKFAST TEA Trade Mark*, BL O/396/15, para. 14, *TESCON Trade Mark*, BL O/240/20, paras. 41 – 42.

⁴ For the full reasoning of Sir Timothy Lloyd see paragraphs 81 – 90.

not require permission to appeal, because it is not appealing against the order. In my judgment, however, where a court has dismissed one or more of the party's claims, but has given judgment in its favour on another, and that party wishes to contend that the court was wrong to dismiss the first claims, that is not a case of merely upholding the judgement on other grounds. Whether or not the terms in which the order is expressed require any variation, I regard the contention by a respondent that the judge was wrong to dismiss one or more distinct claims as something that requires and amounts to an appeal. In this respect TUSA is a "respondent who seeks to appeal against any part of the order made by the court below" within the terms of the practice direction.

[...]

89. Thus, in my judgment, if a claimant asserted two claims against the appellant of which one was successful and the other was dismissed (whether or not so stated in the resulting order) and the defendant appeals against the judgment on the first claim, then if the respondent wishes to argue that the court below was wrong to dismiss its other claim against the appellant and that the order below should be upheld on that basis, that assertion amounts to an appeal against the order, and is not within the category of seeking to contend that the order of the court below should be upheld for reasons other than those given by that court, even if the relief sought would be the same on either claim ..."

84. As identified at paragraphs 11 – 12 above, All Fill UK additionally sought in its Respondent's notice to challenge the Hearing Officer's dismissal of All Fill UK's claim that All Fill US had applied for UK Registration number 3175065 in bad faith contrary to Section 3(6) of the Act.
85. In order to regularize its position, All Fill UK would have needed to make an application to the Registrar on Form TM9R for a retrospective extension of time in which to file on Form TM55P an appeal to the Appointed Person against the Hearing Officer's decision under Section 3(6), and to pay the appeal fee.
86. As I have said, this became academic because I upheld the Hearing Officer's decision to invalidate Registration number 3175065 pursuant to Sections 47(2)(b) and 5(4)(a) of the Act.

Costs

87. The Hearing Officer ordered All Fill US to pay All Fill UK the sum of £2,300 as a contribution towards All Fill UK's costs of the invalidation. I will order All Fill US additionally to pay All Fill UK the sum of £1,000 towards All Fill UK's costs of defending this appeal; the total sum of £3,300 to be paid by All Fill US to All Fill UK within 28 days of the date of this decision.

Opposition number 409591

88. Opposition number 409591 remains stayed pending a final decision in the EUIPO invalidation proceedings against EU Registration number 015665532,

Professor Ruth Annand, 9 September 2020

Ms Amanda Michaels of Counsel instructed by S & P Legal appeared for the Appellant/Proprietor

Mr Michael Hicks of Counsel instructed by Mills & Reeve LLP appeared for the Respondent/Applicant