O-530-14

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2621104
STANDING IN THE NAME OF CASH RECYCLE LIMITED
FOR THE TRADE MARK

Cash Recycle

AND

CANCELLATION UNDER NO 500214 THERETO
BY GORDON JOHN STAMPER

Background

1. The trade mark Cash Recycle is registered under no 2621104, stands in the name of Cash Recycle Limited ("CRL") and has the following specification:

Class 9
DVD, CD, photographic, cinematographic, optical.

Class 14
Precious metals and their alloys; jewellery, costume jewellery, precious stones; horological and chronometric instruments, clocks and watches.

Class 15
Musical instruments; stands and cases adapted for musical instruments.

Class 28
Games and playthings; gymnastic and sporting articles; childrens' toy bicycles.

Class 36
Financial Services.

2. The registration has a filing date of 15 May 2012 and was entered into the register on 17 August 2012.

3. On 14 November 2013, an application to cancel the registration by declaring it invalid was filed by Gordon John Stamper. Following an exchange of correspondence between the Tribunal and Mr Stamper seeking clarification of the grounds, and by way of an official letter dated 6 January 2014, it was confirmed the grounds of objection are:

- Under section 5(4)(a) of the Trade Marks Act 1994 ("The Act") based on use of the sign CASH RECYCLE since November 1997;

- Under section 3(1)(d) of the Act because the mark is said to be in common usage in the trade;

- Under section 3(6) of the Act because the application for registration is said to have been applied for in bad faith.

Mr Stamper confirmed at the hearing that these were the grounds now relied upon.

4. CRL filed a counterstatement denying each of the claims made.

5. Both parties filed evidence which I will refer to as necessary in this decision. The matter came before me for a hearing on 4 December 2014. CRL was represented by Mr Daniel Grimes, one of its co-directors. Mr Stamper appeared in person.

The objection under section 5(4)(a) of the Act

6. I intend to deal first with the objection raised under section 5(4)(a) of the Act which states:

> "A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –
>
> > (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
> >
> > (b)...
>
> A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of "an earlier right" in relation to the trade mark."

7. Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

> "The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:
>
> (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
>
> (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
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> (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.
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> The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

8. Parker J in *Burberrys v J C Cording & Co Ltd* [1909] 26 RPC 693 said:

> "The principles of law applicable to a case of this sort are well known. On the one hand, apart from the law as to trade marks, no one can claim monopoly

> rights in the use of a word or name. On the other hand, no one is entitled by the use of any word or name, or indeed in any other way, to represent his goods as being the goods of another to that other's injury. If an injunction be granted restraining the use of a word or name, it is no doubt granted to protect property, but the property, to protect which it is granted, is not property in the word or name, but the property in the trade or good-will which will be injured by its use. If the use of a word or a name be restrained, it can only be on the ground that such use involves a misrepresentation, and that such misrepresentation has injured, or is calculated to injure another in his trade or business."

9. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

> "27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent that the enquiry under s.11 of the 1938 Act (see Smith Hayden & Co. Ltd's Application (OVAX) (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.
>
> 28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."

10. Whilst Pumfrey J. referred to passing off in the context of opposition proceedings against an application for registration, the same holds true in respect of applications for invalidation of a registration.

11. The first hurdle is for Mr Stamper to show he has the required goodwill. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), the Court stated:

> "What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start."

12. In his statement of grounds, Mr Stamper states that he first used the mark CASH RECYCLE in November 1997 in Manchester on a range of goods and services, including, inter alia, DVDs, CDs, photographic equipment, jewellery, musical instruments, toys, bicycles and the provision of loans, cheque cashing and foreign exchange services. In his first witness statement, he states the business was one of "buying and selling household goods and offering financial services". He states the business started trading on 1 December 1997 in Eccles having registered with the local Trading Standards department as required by the Greater Manchester Act 1981 relating to second hand dealers.

13. Mr Stamper states his business was also registered with the Office of Fair Trading and, at GJS1 he exhibits a copy of the Consumer Credit Licence which was issued on 14 December 1997. The exhibit is a copy downloaded from the public register. It shows a licence was issued to Mr Stamper and indicates the nature of his business to be that of a pawn broker. Under the heading "Trading name(s) (Current) it shows four trading names, viz. Cash Exchange, Cash Recycle, Eccles Loans and John Stamper. Mr Stamper states that under this licence, he is able to provide a "financial service such as loans and pawnbroking" and claims it proves his claim to have used the mark he relies on in these proceedings since that time. Whilst I accept that the exhibit shows Mr Stamper to have been granted a licence in 1997 and that licence included an indication that one of his trading names was Cash Recycle, it does not show that any actual trade took place let alone under which mark any trade might have been made.

14. Mr Stamper states that he registered the domain names cashrecycle.com on 2 July 1999 and cashrecycle.co.uk on 28 August 1999 and exhibits copies of printouts from the Nominet register confirming this. He states he has used these websites to promote his cheque cashing services which he states he started to offer to other businesses in March 2000. He states that he "did several mail shots and also advertised in the British Cheque Cashing Association's magazine. Neither the mail shots nor the advertisements themselves are exhibited and Mr Stamper has provided no evidence to show what they contained or what mark (if any) was included within them. At GJS33 he provides a list of what he calls his "agents" along with the date each first used his services. It shows 29 names with the earliest date of 9 March 2000 and latest 26 March 2010 and includes e.g. The Exchange Centre Ltd in Manchester, Premier Cheque Cashing in Portsmouth, John Dawson, Chequemate in Cannock and Access Cash in Bangor. Mr Stamper states that these companies "have cashed almost £53 Million of cheques between them since March 2000". Other than listing the businesses, he provides no evidence to show how these services were provided nor under which mark they were provided and neither is there any evidence to show e.g. what turnover accrued to his business as a result of any use of the mark relied on in these proceedings.

15. Mr Stamper states he started trading on the internet auction site eBay in 2005 and, at GJS42 exhibits a copy of a printout from this website showing details of a profile. It shows the name of the user to be cashrecycle who has been a member since 25 August 2005. Whilst at the top of the page there is text which states "Hi, John", there is no mention of Mr Stamper on the page nor is there any indication of the user's trade. It does, however, note that the user doesn't "have any followers yet".

16. Mr Stamper has provided no details of any turnover, sales or advertising and promotional costs which might accrue to the mark relied on in these proceedings in respect of any of the goods and services for which he claims he has used the mark relied upon. There is no evidence from the trade nor is there any evidence from any customers. Whilst Mr Stamper made various submissions, both in evidence and at the hearing, which referred to his domain names and company name and the rights he feels should stem from them, what he has to show under this ground in these proceedings, is that he has goodwill in the unregistered trade mark he relies upon. Having carefully considered the evidence he has filed, Mr Stamper has failed to show even a prima facie case that he has the required goodwill under the mark relied on. That being so, his objection under section 5(4)(a) fails.

The objection under section 3(1)(d) of the Act

17. The objection under this ground can be dealt with fairly briefly. Section 3(1)(d) states:

> "3(1) The following shall not be registered –
>
> (a) ...
> (b) ...
> (c) ...
> (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:
>
> Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it."

18. In *Telefon & Buch Verlagsgesellschaft GmbH v OHIM,* Case T-322/03, the General Court summarised the case law of the Court of Justice under the equivalent of s.3(1)(d) of the Act, as follows:

> "49. Article 7(1)(d) of Regulation No 40/94 must be interpreted as precluding registration of a trade mark only where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought (see, by analogy, Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 31, and Case T-237/01 *Alcon v OHIM – Dr. Robert Winzer Pharma* (BSS) [2003] ECR II-411, paragraph 37). Accordingly, whether a mark is customary can only be assessed, firstly, by reference to the goods or services in respect of which registration is sought, even though the provision in question does not explicitly refer to those goods or services, and, secondly, on the basis of the target public's perception of the mark (*BSS*, paragraph 37).
>
> 50. With regard to the target public, the question whether a sign is customary must be assessed by taking account of the expectations which the average

consumer, who is deemed to be reasonably well informed and reasonably observant and circumspect, is presumed to have in respect of the type of goods in question (*BSS*, paragraph 38).

51. Furthermore, although there is a clear overlap between the scope of Article 7(1)(c) and Article 7(1)(d) of Regulation No 40/94, marks covered by Article 7(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered (see, by analogy, *Merz & Krell*, paragraph 35, and *BSS*, paragraph 39).

52.Finally, signs or indications constituting a trade mark which have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark are not capable of distinguishing the goods or services of one undertaking from those of other undertakings and do not therefore fulfil the essential function of a trade mark (see, by analogy, *Merz & Krell*, paragraph 37, and *BSS,* paragraph 40)."

19. In his statement of grounds, Mr Stamper states: "The words Cash Recycle are now in common usage and have been prior to this trade mark being registered". He goes on to say that:

> "The first word Cash is common with secondhand shops. Cash Converters and Cash Generator being the dominant chains. The second word Recycle is again used to promote "second use" in a more positive way that (sic) secondhand. Again it is in common (sic) in buying and selling goods in High Street secondhand dealers".

20. Whilst it is possible (I put it no higher than that as I have no evidence on the point) that the individual words making up the mark are in common usage, what has to be shown is that the words in combination, i.e. Cash Recycle, are in common usage in the relevant trade. Despite a careful review of all of the evidence filed, I can find no evidence of any use of the mark in the relevant, or indeed any, trade. At the hearing, Mr Stamper responded to my questions in this regard by indicating that he relied on the fact that the agents (referred to above) for whom he cashes cheques, are required to mark or stamp the back of the cheques with these words. This is not in the evidence and so I cannot take it into account but even it if were, it would not assist him as this would appear to be use in the course of his own business. What has to be shown is that other traders in the same field commonly use the mark in the course of offering their own goods or services to their customers or potential customers. No such evidence has been filed. The objection under section 3(1)(d) fails.

The objection under section 3(6) of the Act

21. Section 3(6) states:

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

22. The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

> "130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)
>
> 131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].
>
> 132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].
>
> 133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].
>
> 134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].
>
> 135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

> "41. … in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.
>
> 42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.
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> 43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.
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> 44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel* v *OHIM* [2004] ECR I-5089, paragraph 48)."

23. In his statement of grounds, Mr Stamper puts his case under this ground like this:

> “In his 26th March 2011 email (see copy attached) Mr Daniel Grimes wrote “...and I think I would like the name Cash Recycle back. I have it registered as a trademark...” This was untrue on several counts. His father’s trade mark had expired. He hadn’t registered a trade mark. When a new trade mark was registered it was not in his name but in the trading style of Cash Recycle. Making these untrue claim is in bad faith, as he tries to take my domain name

trade marks. My Cash Recycle has traded throughout the UK since 2001. His Cash Recycle has only traded in a small area along the South Coast around Poole/Southampton. His Cash Recycle has even profited from my Cash Recycle. In late 1998, his father, Mr Michael Grimes, entered into a business agreement with me to provide a cheque cashing service through my business Cash Recycle. His father drew up the written agreement (see copy attached) and was quite happy to profit from my endeavors. Daniel Grimes knows his father who held the Cash Recycle trade mark (UK00002186271) from 1999 to 2009 never had a grievance with me using the name. If so he would have enforced his trade mark. To then register the Trade Mark as though it is his own while not acknowledging my title is a further act of bad faith."

24. Unpacking the various strands of his objection, I will deal first with the claim concerning the name in which the application, which subsequently became the registration the subject of this decision, was originally made. I do so despite the fact that this has already been dealt with, briefly, during the course of the proceedings. As I indicated at the hearing, I was not prepared to re-open the matter but refer to it here by way of providing Mr Stamper with an explanation as to why it does not help his case. There is no dispute that when filed, the application form indicated the applicant to be "Cash Recycle". Neither is there any dispute that this is the trading name of CRL and so is not, of itself, a legal entity entitled to own property. In line with the decision of Mr Geoffrey Hobbs Q.C. sitting as the Appointed Person in *Michaels Foodmarket* O-168-05, the error was corrected. The registration therefore properly stands in the name of CRL. There is no evidence that the filing of the application using the trading name was anything other than an error in completing the application form. It does not show the application was made in bad faith.

25. The next issue concerns Mr Stamper's domain name registrations. As I indicated at the hearing, domain name registration, trade mark registration and company name registration are separate registrations which are subject to separate legislative requirements, rights and responsibilities. Even if Mr Daniel Grimes knew of Mr Stamper's domain name registration, this does not show that the trade mark application was filed in bad faith. This is especially so given that Mr Grimes' father, Mr Michael Grimes who also attended the hearing, had previously held a registration for the same mark (that being 2186271 as referred to by Mr Stamper, a registration which, for whatever reason, was not renewed). Both Daniel and Michael Grimes have filed witness statements in which each confirms they are co-directors of CRL. Furthermore, in his own witness statement and confirmed in person at the hearing, Mr Stamper states "I accept that Michael Grimes used the name Cash Recycle at his business in Poole before me."

26. Mr Stamper states that CRL/Messrs Grimes have traded only in various towns along the south coast of England. At the hearing, he submitted that as he trades in Manchester the registration should not prevent him trading. This does not appear to me to be a ground in support an application for invalidation on the grounds of bad faith but in any event, as I pointed out, trade mark registration is a national registration and it could be regarded as normal, prudent, behaviour for traders to seek to protect their trade, whether ongoing or planned, by obtaining a trade mark registration.

27. Lastly, there is the claim that Mr Michael Grimes previously entered into an agreement with Mr Stamper, was aware of his trade under the name Cash Recycle and did not object to it. In support of this, Mr Stamper exhibits two pages of a letter at GJS34 and 35. The letter is on Lainhead Ltd headed paper and has been signed by M J Grimes. The letter is dated 28 December 1998 and is addressed to:

> "Mr John Stamper
> Cash Recycle
> ..."

28. The letter refers to Lainhead Ltd accepting payment of Mr Stamper's third party cheques through its account subject to various terms and conditions. Mr Stamper has signed the letter in acceptance of those terms and conditions. There is no dispute that the writer of the letter is the same Mr Grimes Snr who is a co-director of CRL. In his own evidence, Mr Grimes Snr confirmed he is a director of both companies and indeed a third, named, company. Mr Stamper exhibits details from the Companies House register at GJS7, GJS8 and GJS9 for each of these three companies which confirm they are separate legal entities. Whilst I accept that the letter from Lainhead Ltd and signed by Mr Grimes links the words Cash Recycle with Mr Stamper as part of his address, this does not show that Mr Grimes approved of the use of the words as a trade mark nor, more importantly, does it show that CRL, a separate legal entity to Lainhead Ltd, filed its application in bad faith.

29. The objection under section 3(6) of the Act fails.

Commentary

30. Mr Stamper exhibits a number of documents in his evidence in the form of emails which passed between him and Mr Daniel Grimes. As foreshadowed above, it is clear from these documents and was confirmed by them at the hearing, that both have limited experience and knowledge of the various intellectual property rights and their inter-relationship with, but separation from, other rights. It also appears that the main bone of contention between them relates to Mr Stamper's domain name registrations. The parties attempted to reach agreement through mediation but were, ultimately, unsuccessful. As I explained at the hearing, this decision is being made under the Trade Marks Act and cannot deal with the relative merits of the domain name registrations. If the parties remain unable to reach an agreement and continue to dispute the rights to those domain name registrations, that is a matter they will have to consider taking up with Nominet, being the body responsible for those registrations.

Summary

31. The application for invalidation of the registration fails on all grounds.

Costs

32. CRL has succeeded and would, ordinarily, be entitled to an award of costs in its favour. At the hearing, however, Mr Grimes indicated that in the event of CRL being successful, its costs were limited, effectively, to the expense of travelling to the hearing for him and his father. He said the cost of the train tickets was low and for

this reason CRL did not seek an award but were content for each party to bear its own costs. That being the case, I make no award for costs.

Dated this 12th day of December 2014

Ann Corbett
For the Registrar
The Comptroller-General