

O-536-18

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3217732 BY
CLINTON WILLIAM FRANK SLATER
TO REGISTER:



AS A TRADE MARK IN CLASSES 35 & 41

AND

OPPOSITION THERETO (UNDER NO. 409602) BY
OUTDOOR PHYSICAL TRAINING LTD

BACKGROUND AND PLEADINGS

1. Clinton William Frank Slater (“the applicant”) applied to register the trade mark shown on the cover page of this decision in the UK on 9 March 2017. It was accepted and published in the Trade Marks Journal on 24 March 2017. Registration is sought in relation to:

Class 35: Advertising; marketing; advertising and marketing services provided by means of social media; providing business information in the field of social media; information, consultancy and advisory services relating to all the aforesaid services.

Class 41: Training services; physical training; conducting training sessions on physical fitness; organization of sporting events; conducting fitness classes; organization of sports competitions; providing recreation facilities; information, consultancy and advisory services relating to all the aforesaid services.

2. Outdoor Physical Training Ltd (“the opponent”) opposes registration of the mark under sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”). The opponent claims that the trade mark is the logo of its business. It is claimed that the applicant is (now “was”) a director of the opponent, but he applied for the mark in an individual capacity (not on behalf of the opponent company) intending to force the opponent to close and to give the impression that he is operating the same company in order to benefit from the brand and its existing member base. For these reasons, the opponent considers that the use by the applicant would constitute passing-off and that the application was made in bad faith.

3. The applicant filed a counterstatement denying the grounds of opposition. He accepts that the trade mark has been used by the opponent. However, he contends that he created the name and logo prior to the incorporation of the opponent and that the copyright would automatically have vested in him. In his counterstatement, the applicant gives further information about the relationship between himself and Mr Barnaby O’Neill, another director of the opponent, some of which I return to later.

4. Both sides filed evidence which I will detail later, to the extent necessary. Neither side requested a hearing, but both filed written submissions instead. The opponent has represented itself. The applicant had a firm of legal representatives on record at the start of the proceedings, but they withdrew representation shortly after the opposition was lodged. I also note that the applicant's written submissions were produced by a person called Mr Stephen Hogan, LLB, but Mr Logan has not asked to be recorded as a formal representative in these proceedings.

THE RELEVANT FACTS

5. Before coming to the substantive grounds of opposition, it is worth detailing some of the facts pertinent to this dispute. There is both common ground and disputed fact in the evidence. The main protagonists are the applicant, Mr Slater, and Mr Barnaby O'Neill, a director of the opponent. Both individuals have provided witness statements. They are well-known to each other because, as touched on earlier, Mr Slater was a director of the opponent. Mr Slater states that he ceased being a director of the opponent on 31 July 2017, but is still a major (45%) shareholder.

6. Although there are some peripheral points of dispute, it is worth recording some of what appear to be a number of undisputed facts about the business relationship between Mr Slater and Mr O'Neill:

- Mr Slater is a fitness instructor who started working for a fitness company called British Military Fitness (commonly referred to as "BMF") in 2009. He joined as a coach, but became a park manager (of sites in Solihull and Warwick) in 2010. BMF employs former and current members of the military to run its fitness courses.
- Mr O'Neill is also a fitness instructor. He made contact with BMF in June 2011 with a view to becoming an instructor. By the end of 2011 he was working for BMF as a coach.
- Although there is a dispute as to who was the driving force, it is common ground that Mr Slater and Mr O'Neill left BMF and subsequently set up their

own trading partnership, running their own fitness classes. The partnership traded under the name OUTDOOR PHYSICAL TRAINING – OPT. The earliest evidence of trading comes from June 2012. This can be seen in an email Mr O’Neill sent to a number of people who he was currently coaching, informing them that he would be joined by Mr Slater and they would be operating under the name OPT from then on – there is also a Facebook post put out by Mr O’Neill on 30 June 2012 announcing that the following day would be the grand opening of OPT (see Mr O’Neill’s evidence, exhibit BON01).

- On 25 April 2013 the opponent company was set up, this is confirmed by the public records of Companies House. There is no dispute that this was for the purpose of operating the OPT business that had up until then operated as a trading partnership. In his evidence, Mr Slater provides a copy of a business plan dated April 2013 (exhibit CS1) which he says he commissioned. It records that the business was established by Mr O’Neill and Mr Slater. It is stated that the business will be operated as a limited company from May 2013.
- The opponent has continued to trade since its incorporation. In 2017 there was some form of disagreement between Mr Slater and Mr O’Neill about the running of the company. This led to them going their separate ways. However, it is worth remembering that, in 2017, the two protagonists were not trading partners, they were directors (and shareholders) in a limited company which has its own distinct legal status.

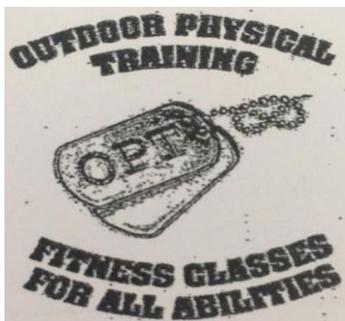
7. In his evidence Mr Slater disputes what Mr O’Neill said in his email from June 2012 about Mr Slater joining him. He states that he had already considered setting up his own business using his own skills and experience, but he suggested to Mr O’Neill that he join him so that they could, together, cover more than one site. In my view, who joined who is not a significant issue. Whatever happened, it is clear that the two individuals agreed to work together in a trading partnership to develop and deliver a multi-site fitness coaching service. It is at this point that I note that Mr

O'Neill's wife, Sarah, also appears to have been involved in the business, but it is not altogether clear in what capacity.

8. The biggest area of dispute relates to the coining of the name OPT and the creation of the accompanying logo. Mr Slater states that it was all down to him (with help from his tattoo artist in the design aspect), whereas Mr O'Neill states that it was a joint effort. For the record, it is worth recording here that the trade mark Mr Slater filed is not the logo that the business first used back in 2012. It is common ground that the logo filed, which looks like this:



was a development (in 2015) of the business's first logo, which looked like this:



9. Mr Slater states that the name and the concept was his, and that his tattoo artist produced the logo. A witness statement is provided by the tattoo artist, Mr Matthew Nickless, who states that he was approached by Mr Slater in early 2012 to "help with the artwork for a business idea he was working on" and that the chain on the dog tags was to represent the Staffordshire knot, an emblem associated with Mr Slater's military regiment. The thrust of Mr Nickless' evidence is that all the ideas and concepts came from Mr Slater.

¹ This is taken from the 2013 business plan, but also appears elsewhere in the evidence of both parties.

10. Mr O'Neill states a number of times that the creation of the name and logo was a joint effort. In his first witness statement he appeared to rely on the instruction of a graphic design company (Space Graphic Solutions Limited) to create the logo, following which, he said, Mr Nickless was asked to help in order to create a less cartoony version. However, Mr Slater was able to provide an invoice from Space Solutions showing that their involvement was in 2013 (in respect of some form of re-drawing), which was after the logo had been created (there is evidence from Mr O'Neill of a digital file of the logo dating to June 2012). In his second witness statement, Mr O'Neill, whilst not explaining this earlier inconsistency, accepts that Mr Slater's tattoo artist was involved, and that the chain was meant to be in the shape of the Staffordshire knot, but nevertheless, this was all still part of the discussions between the two of them for the purpose of setting up their trading partnership.

11. For the time being, and for reasons that will become apparent, I will leave matters there.

DECISION

Section 3(6) of the Act

12. Section 3(6) of the Act provides for the refusal of a trade mark "...if or to the extent that the application is made in bad faith". There is no real dispute as to the relevant law, a summary of which was provided by Arnold J in the *Red Bull*² case, as follows:

"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.)

² *Red Bull GmbH v Sun Mark Ltd & Anr* [2013] ETMR 53

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.

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.

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)".

13. It is clear from the above that the relevant date at which to assess matters is the date of filing, namely 9 March 2017. From the points I made earlier, it is clear that at the relevant date:

- Mr Slater was a director of the opponent company.
- Mr Slater filed a trade mark, in his personal capacity, which had been used by the opponent (of which he was a director) since 2015.
- Mr Slater was involved (he says solely) in the creation of an earlier logo (upon which the 2015 logo was based) but which had only ever been used in trade by the opponent, or by its predecessor trading partnership.

14. Mr Slater's written submissions focus heavily upon his claimed ownership of copyright in the original logo. This, in my view, is a red herring. Even if Mr Slater's evidence was to be accepted, this does not immunise him from the fact that when the trade mark was filed he was still a director of the opponent and owed a fiduciary duty to it in the protection of its interests. Furthermore, it is not as though Mr Slater

filed the logo for which he claims copyright ownership, but instead he filed a subsequent logo which the opponent company (of which Mr Slater was still a director) was currently using.

15. The trade mark registration system is not intended as some form of copyright repository. The system is there to protect traders or those intending to trade. Mr Slater knew that the mark he filed was being used by the opponent and he must have known that the registration in his name would give him the right to prevent that ongoing trade (or at least that he could attempt to do so). In my view, the act of filing the trade mark in the circumstances outlined would be regarded as falling below the standards of acceptable commercial behaviour observed by reasonable and experienced men in the field. **The ground under section 3(6) of the Act succeeds.**

Section 5(4)(a) of the Act

16. Section 5(4)(a) of the Act reads:

“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.”

17. It is settled law that for a successful finding under the law of passing-off, three factors must be present: i) goodwill, ii) misrepresentation and, iii) damage.

Goodwill

18. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where 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.”

19. Whilst the evidence necessary to support the existence of goodwill would normally be of a detailed nature, it would be disingenuous in these proceedings to regard the absence of such detailed evidence as fatal to the opponent's claim. This is because it is common ground that the opponent, since 2013, has been operating a physical fitness business in the West Midlands under the name OPT. This was initially under the original logo, but subsequently under the 2015 logo.

20. Goodwill relates to trading activity. The trade mark filed has only ever been used by the opponent. Irrespective of the claim by Mr Slater of the copyright in the original logo, I have no hesitation in concluding that the goodwill (a small but protectable goodwill) generated as a result of the use of the filed trade mark was owned by the opponent. I further add that Mr Slater's claim that the majority of the opponent's members (those receiving the training) followed him rather than Mr O'Neill is not pertinent. They are the opponent's members irrespective of whether they trained with Mr Slater or Mr O'Neill.

Misrepresentation

21. The relevant test for misrepresentation was dealt with in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, where Morritt L.J. stated:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in *Halsbury's Laws of England 4th Edition Vol.48 para 148* . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175 ; and Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

and later in the same judgment:

“.... for my part, I think that references, in this context, to “more than *de minimis* ” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

22. In the same case, *Morritt L.J.* explained that it was the plaintiff's (in the case before me, the opponent's) customers or potential customers that must be deceived:

“This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill.”

23. The mark filed replicates the sign used (and accepted to have been used) by the opponent. It is therefore inevitable that deception will arise as a result of the potential use of the trade mark by Mr Slater in his personal capacity. This is so for all the services applied for which are either the fitness services themselves, or are services ancillary to them (including services for the promotion and marketing of the services).

Damage

24. It is also inevitable that damage will occur. As the opponent stated in its claims, the applicant will be assuming the mantle of the opponent and will clearly divert trade through such a confusing form of use.

25. The existence of the three factors is normally all that needs to be said. However, for sake of completeness, I record again that the claimed ownership of the copyright in the original logo is also red herring here. The law of passing-off is there to protect the interests of traders. The opponent has been trading since 2013 under either the original logo, or the filed for logo. The applicant has never taken issue with such use. Even if the applicant was the copyright owner in the original logo, the opponent would still have been able to restrain the applicant from trading under the mark he filed. **The ground under section 5(4)(a) succeeds.**

CONCLUSION

26. Subject to appeal, the applied for mark is refused registration in respect of all of the services applied for.

27. The only additional remarks I make here are that whilst I have fully considered all of the evidence filed by both parties, I have not felt it necessary to summarise it all or to make formal findings of fact in relation to it all. Some of the issues put forward were simply not pertinent to the substantive determinations that were required. I would also strongly suggest to the parties that if any further legal proceedings are instigated between them that they seek mediation at the earliest possible juncture with a view to settling the matter in as easy a manner as possible.

COSTS

28. At the end of the proceedings, the parties were sent a letter indicating that if they wanted to claim costs they should complete a costs pro-forma, setting out the hours expended in dealing with the proceedings, otherwise no costs (other than official fees) would be awarded. The opponent, who otherwise would have been entitled to a costs award, did not respond. Therefore, I make no costs award other than in respect of the opponent's official opposition fee of £200.

29. I therefore order Mr Clinton Slater to pay Outdoor Physical Training Ltd the sum of £200. This should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated this 28th day of August 2018

Oliver Morris

For the Registrar,

The Comptroller-General