

O-548-18

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 3079982
STANDING IN THE NAME OF
ROGER HAYES**

AND

**IN THE MATTER OF A REQUEST FOR A DECLARATION
OF INVALIDITY THERETO UNDER No.501018
BY JOHN SMITH**

BACKGROUND

1) The following trade mark was initially registered in the name of Roger Hayes. However, following an assignment dated 1 November 2016 it now stands in the name of Alexandra Kate Thomas. On 12 January 2017, Ms Thomas provided the usual undertaking regarding costs, evidence, etc. when a party is replacing another in an invalidity case before the Registry. Although as is usual these days the undertaking was sent electronically and not signed.

Mark	Number	Filing & registration date	Class	Specification
Liverpool Pound	3079982	04.11.14 30.01.15	36	Issuing of travellers' cheques and currency vouchers; Issue of tokens, coupons and vouchers of value; Financial services relating to the provision of vouchers for the purchase of goods; Issuing of cash vouchers; Issuing of vouchers for use as money; Issuing of vouchers; Issuing of travellers' cheques and currency vouchers; Issue of tokens, coupons and vouchers of value; Financial services relating to the provision of vouchers for the purchase of goods; Issuing of cash vouchers; Issuing of vouchers for use as money; Issuing of vouchers.

2) By an application dated 24 June 2015, subsequently amended on a number of occasions, John Smith applied for a declaration of invalidity in respect of this registration. Very broadly the grounds are that Mr Smith came up with the idea of resurrecting the Liverpool pound (a local currency) previously used between 1793 and 1797. Having

carried out a considerable amount of preparatory work he happened to discuss the idea with Mr Hayes who then filed the trade mark application. Mr Smith contends that the mark was filed in bad faith as he had spent over two years researching and working on the project of establishing a local currency for the benefit of the community, whereas Mr Hayes was seeking to use the mark for his own benefit. It is also claimed that Mr Hayes was at the time of making the application to register the mark an undischarged bankrupt and so, it was contended, ineligible to own property. It is contended that Mr Hayes acted in bad faith and the mark in suit therefore offends against section 3(6) of the Act, and that the application offended against section 5(4)(a) due to the goodwill Mr Thomas had acquired since 22 March 2014 in the mark in suit.

3) Mr Hayes provided a counterstatement, dated 12 January 2016, subsequently amended, in which he points out that the idea of a local currency originated over 200 years ago, and in any case Mr Hayes states that he was investigating a local currency before Mr Smith, and that Mr Smith joined Mr Hayes group in October 2014. He denies Mr Smith's version of events and all the grounds of invalidity.

4) Only the applicant filed evidence. Both sides ask for an award of costs. Mr Smith requested a hearing on 24 November 2016, however this was withdrawn by his representative Mr Bamping, in an email dated 1 February 2017, and confirmed at a Case Management Conference in February 2017. Both parties provided numerous written submissions.

5) This case has generated a huge amount of correspondence. Allegations and threats of action in respect of various other trade mark registrations have also been made during the course of this case, but they have nothing to do with the instant case. There has also been an attempt by a third party to become a joint applicant for invalidity, but the form provided in respect of this intervention referred to a different trade mark from that in the instant case although it was owned by the registered proprietor in the instant case. I also note that a request by Mr Smith to rectify the Register in order to amend the name of the proprietor of the instant mark to his (Mr Smith's) name has been filed. This rectification is refused as it is clear from the evidence filed that there is no "error or omission" in the Register as set out in Section 64(1) of the Trade Marks Act. The case, as set out, shows

that there is a challenge to the validity of the registration. **The request for rectification is therefore refused.**

6) As neither party wished to be heard I make the decision based upon the evidence and submissions provided by the parties.

EVIDENCE OF THE APPLICANT

7) The applicant filed two witness statements. One, dated 11 April 2016 by Mr Smith, the other dated 5 April 2017 by Mr Bamping, the applicant's legal representative. The following points emerge from this evidence:

- Mr Smith spent most of 2014 meeting with various local groups including local government in the Liverpool area to discuss the setting up of a local currency.
- He met with others in the UK who had formed local currency groups such as the Totnes pound, Brixton pound and Bradbury pound, and attended national events on local currencies.
- In August 2014 he engaged a design team to create a logo and designs for the currency.
- He set up a website and registered domain names and used social media to promote his idea.
- In October 2014 he was approached by Mr Hayes who wished to discuss the project that he (Mr Hayes) was developing. This was known as the Sovereign Master Currency or "Sovereignities" and was part of Mr Hayes' "Lawful Bank" and The Alternative Monetary System (T.A.M.S) that Mr Hayes was promoting.
- On 3 November 2014 Mr Hayes and Mr Smith travelled in the same car to a meeting of the Guild of Local Currencies (GoLC) in Bristol. Mr Smith spoke about the Liverpool pound project, Mr Hayes about his "sovereignities" project. The two men spoke a length about their ideas during the journey and Mr Hayes was keen

to work with Mr Smith, although Mr Smith was not willing to do so because of doubts regarding Mr Hayes' past.

- The day after the Bristol conference Mr Hayes applied for the mark in suit.

DECISION

8) I shall first consider the ground of invalidity under section 3(6) which reads:

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

9) 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), 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.)

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)."

10) I also note that in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2009] RPC 9 (approved by the COA in [2010] RPC 16), Arnold J. stated that:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

11) In the instant case it is clear from the evidence that the original applicant Mr Hayes was actively engaged in considering the issue of a local currency, albeit on a more commercial footing than Mr Smith who was seeking to form a community company. It is also clear from the evidence that in the UK a local currency tends to be called “X Pound” where “X” is the name of the village / town / city or geographical area in which the “local” currency is to be used; the word “pound” is the most obvious way to describe the currency as it has to have a value which is easily understood by the consumer and can be converted into “real” currency which can be spent in shops in the area which are not part of the scheme. There are a number of such schemes in operation around the UK such as the Brixton, Totnes and Bradbury pound schemes. I also note that the mark in suit was first used between 1793 and 1797 and this shows that the idea is hardly new. Having said this, it is clear that Mr Hayes was well aware of the activities of Mr Smith, as it is claimed and not disputed, that Mr Hayes approached Mr Smith with a view to them

working together. Given his interest in local currencies I find it hard to believe that he was unaware of Mr Smith's activities prior to the conference in November. However, even if I accepted that he was not aware of Mr Smith's activities prior to the conference the journey together and the conference would have made it clear to Mr Hayes of the steps that Mr Smith had taken. It is also clear that even at the November conference Mr Hayes was not thinking of using the mark in suit, but had alternative names for his more UK wide scheme. It is fairly clear that it was only after the lengthy discussions with Mr Smith during their journey from the Wirral to Bristol and back that the idea of using the mark in suit occurred to Mr Hayes. To my mind, his actions in registering the mark in suit the day after attending the conference with Mr Smith fail the tests set out above and equates to bad faith. **The ground of invalidity under section 3(6) succeeds.**

12) I next turn to the issue of whether Mr Hayes was eligible to apply for a trade mark as at the time of the application he was an undischarged bankrupt, a fact confirmed by the Insolvency Service in a letter dated February 2017. When applying for a trade mark the applicant had to sign a declaration which confirms, inter alia, that "the applicant is entitled to hold property". It is for the Official Receiver to determine whether an undischarged bankrupt can acquire property. Should the Official Receiver decide it has an interest in the registered mark then it is for the Official Receiver to take action. Applying for a trade mark registration whilst still being an undischarged bankrupt is not an act of bad faith per se. Nor is failing to disclose to the Registry that you are an undischarged bankrupt an act of bad faith. **The ground of invalidity under section 3(6) fails.**

13) I next turn to the ground of invalidity under section 5(4)(a) which reads:

"5(4) 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.”

14) In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

15) Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

16) In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded that the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration, unless the applicant has used the mark before the date of the application. No such use was made in the instant case and so the relevant date is 4 November 2014.

17) I next turn to the question of goodwill. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) goodwill was defined thus:

“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.”

18) 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 than 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.”

19) However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

20) It is clear that the goodwill relied upon must be of more than a trivial nature. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

21) However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

22) These views were also expressed in *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

23) It is clear from the evidence that Mr Smith has not used the sign LIVERPOOL £ or LIVERPOOL POUND in relation to any goods or services. Without wishing to belittle his actions “all” that he has done in relation to the mark in suit is discuss its possible use with potential partners, there was no concrete commercial plan. As Mr Smith has failed to show that he enjoyed goodwill in the mark in suit at the date of the application he fails at the first hurdle. **The ground of invalidity under section 5(4)(a) fails.**

CONCLUSION

24) The invalidity action has succeeded under one of the section 3(6) grounds, although it failed on the other section 3(6) ground and also the section 5(4)(a) ground. The mark will therefore be deemed never to have been made.

COSTS

25) As Mr Smith has been successful he is entitled to a contribution towards his costs.

Preparing a statement and considering the other side’s statement	£200
Expenses	£200
Filing evidence	£200
Filing submissions	£200
TOTAL	£800

26) I order Ms Thomas to pay Mr Smith the sum of £800. This sum to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 4th day of September 2018

G W Salthouse

For the Registrar

the Comptroller-General