**TRADE MARKS ACT 1994**
**IN THE MATTER OF**
**CANCELLATION APPLICATIONS Nos. 502691 and 502692**
**IN THE NAME OF SHIFTEC (WILLENHALL) LIMITED**
**TO TRADE MARK REGISTRATIONS Nos. 3177091 and 3177362**
**IN THE NAME OF WALSALL CONDUITS LIMITED**

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**DECISION**

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**INTRODUCTION**

1. This is an appeal from the decision of Mr Allen James dated 13 January 2021 in which he rejected applications brought by the Applicant/Appellant ("Shiftec") to cancel two trade marks on the grounds of bad faith (s.3(6) of the Trade Marks Act 1994).

2. The Proprietor/Respondent ("WC") is the owner of registered trade marks 3177091 and 3177362. The applications to register the marks were filed on 28th and 29th July 2016, respectively. The same trade mark is covered by both these registrations and is shown below.


3. The '091 registration covers the following goods in class 6:

> Metal building materials; pipes and tubes of metal; metal conduits; conduits; lock nuts; saddle clamps; steel crampets; metal screws; metal studs [other than for football boots, clothing or vehicle tyres]; metal hooks; stocks [metal hardware]; washers [metal hardware].

4. The '362 registration covers the following goods in class 9:

> Electrical connection boxes; electrical junction boxes; terminal boxes [electrical]; electrical distribution boxes; cable boxes; electrical branch boxes; electric fuse

boxes; electrical switch boxes; fittings for electrical boxes; electrical socket boxes; electric adaptors; electric conduit tubes, bends, elbows, tees; bushes [electricity]; electric couplings; cable covers [conduits]; electric outlet covers; flexible electrical conduits; fittings for electrical conduits; connectors [electricity]; electrical plugs; cable glands; reducers [electricity]; rings [electricity]; fire extinguishing apparatus.

5. As before the Hearing Officer, neither participant sought a hearing and I have dealt with the matter on the papers, with the benefit of detailed skeleton arguments from both sides, for which I am grateful.

**THE DECISION**

6. The Hearing Officer's decision involved a detailed review of the written evidence before him. This was supplied in the form of three witness statements made by Richard Botting, the CEO of Liberty Building Solutions FZE, a company related to the Applicant.

7. The dispute arises out of an idea which Mr Botting had when employed as General Manager (and later CEO) of Caparo Middle East Limited ("CME"). The idea was to use the brand Walsall Conduits for the sale of tubing products in the UAE. The allegation of bad faith centres on the ownership of that idea, and whether it was abandoned or apparently abandoned prior to the trade mark application made by the Proprietor.

8. The Proprietor responded with two witness statements from David Roberts and one from Suraj George. Mr Roberts took over from Mr Botting as CEO of CME. Mr George is the Finance and Admin Manager of CME.

9. The Hearing Officer reviewed the evidence that was not said to be in dispute at paragraphs 11-20. He then went on to make detailed findings in relation to the disputed facts at paragraphs 21-38. He made three main findings under three separate headings which fed into his rejection of the applications, as follows:

> *What did David Roberts know about the alleged 'confidential information' at the relevant dates?*
>
> 21. … I therefore find that Mr Roberts and, by extension, WCL knew about Mr Botting's idea at the relevant dates.
>
> *What did David Roberts know at the relevant dates about CI's interest in exploiting the idea?*
>
> 37. Taking all of the above into account, I find that at the relevant dates Mr Roberts/the proprietor had no reason to know that CI retained any interest in using the WALSALL

CONDUITS trade mark in the future, or that the applicant had acquired any such interest.

*Did WCL intend to use the mark in the UK?*

38. I find that at the relevant dates WCL/the proprietor had no intention to use the contested mark in the UK. The intention was clearly to set up the appearance of a UK-based brand owned by a UK company, and to license CME to exploit the trade mark in the Middle East.

10. The Hearing Officer set out the law in relation to bad faith at paragraphs 39 to 51 of the Decision. No criticism is made of this analysis on appeal. The Hearing Officer's analysis is consistent with the very recent summary of the CJEU authorities provided by Sir Christopher Floyd in *Sky Limited v Skykick* [2021] EWCA Civ 1121 at [68]. The points relevant to this case are as follows:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].
2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].
3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacilik* at [45].
4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].
5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].
6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].
7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].
9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].
10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].
11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacilik* at [46].

…

11. The Hearing Officer concluded the Decision by going on to apply the law to the facts of the case and concluded that the applications had not been filed in bad faith. I return to these findings below.

**GROUNDS OF APPEAL**

12. The four grounds of appeal advanced by the Appellant can be summarised as follows.

13. Ground 1 challenged the Hearing Officer's finding in paragraph 64 of the Decision that "*In the absence of any credible evidence that rights to the confidential information were initially vested by agreement in CI, or were subsequently assigned to CI, I find that the rights were owned by CME as Mr Botting's employer*".

14. Ground 2 challenged the Hearing Officer's finding in paragraph 26 where he refused to accept the Applicant's submission "*that, despite the denials in his witness statements, Mr Roberts must have known at the relevant dates that the Caparo Group's business and IP had been transferred to the Liberty Group of companies*."

15. Ground 3 also focussed on paragraph 64 of the Decision and the finding that any beneficial interest CI may have had in the confidential business plan "*appears to have been abandoned before CI went into administration*".

16. Finally, in Ground 4 the Appellant challenged the findings in paragraph 72 of the Decision that "*Even if, contrary to my findings, the applicant has shown that CI had a continuing interest in the commercial information at the time it went into administration, it has not shown that Mr Roberts knew that when he incorporated WCL and filed the contested registrations... The proprietor was therefore entitled to*

*believe that, even if CI had at one time had some kind of beneficial interest in the commercial information, that had been abandoned in or around February 2015*".

17. Under each of these grounds it was said that the finding of the Hearing Officer was "*an unreasonable and incorrect finding based on the evidence before him*".

**STANDARD OF APPEAL**

18. There was no dispute as to this and the principles are well established. I refer to the decision of Daniel Alexander QC, sitting as the Appointed Person, in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 at [52].

19. As Mr Alexander explained, in the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it.

20. As for application of those facts to the law, a finding that a mark has or has not been applied for in bad faith is a classic multifactorial assessment with which I should show a real reluctance to interfere. However, if I consider that the conclusion of the Hearing Officer was unsupportable or wrong, I should reverse it.

21. These principles make the Appellant's appeal extremely challenging in the present case. The Appellant disputes the primary findings of fact of the Hearing Officer – namely that they were "*unreasonable and incorrect…based on the evidence before him*". Although, as a matter of choice of the parties, the Hearing Officer merely assessed the written evidence and was not required to make findings having heard cross-examination, that does not diminish significantly the hurdle facing the Appellant.

22. The absence of any assessment of witnesses and weighing of oral evidence means that I am able to assess the written evidence in the same way as the Hearing Officer. Nevertheless, this is far from a *de novo* exercise. I should confine my review of the Decision to seeking to identify points for which there was no evidence in support, which were based on a misunderstanding of the evidence, or which no reasonable judge could have reached. In the absence of such errors, I should reject the appeal.

**GROUND 1**

23. Ground 1 focusses on the Hearing Officer's conclusion in paragraph 64 that the idea of using Walsall Conduits remained with Mr Botting's employer CME and was not transferred to the related company, Caparo Industries plc ("CI").

24. The reasons given by the Hearing Officer for reaching this conclusion were set out in the previous paragraphs as follows:

> 60. Mr Botting's evidence on this matter is brief. He said nothing at all about the supposed agreement with CI in his first witness statement. After Mr Roberts suggested that CME, as Mr Botting's employer, owned any rights that existed in the commercial information, Mr Botting stated in paragraph 31 of his second witness statement that:
>
> > *"I was the CEO of CME, and therefore directed CME's activities. CME (acting through myself) and CI agreed, as between themselves, that CI would own the registrations for WALSALL CONDUIT and all rights in and to the Confidential Walsall Business Plan. This superseded any agreement in my employment contract with CME."*
>
> 61. It is not clear from the evidence when Mr Botting became CEO of CME. And Mr Botting's assertion that he directed the activities of CME when the ownership of the confidential material was decided does not sit well with the evidence he gives at paragraph 25 of the same statement where he says that:
>
> > *"In his email* [of 12th February 2015]*, Mr Kapoor was not directing the Confidential Walsall Business Plan's abandonment, but was directing me to focus on developing the HAYES brand at that specific point in time rather than the WALSALL CONDUITS brand."*
>
> 62. As Mr Botting acknowledges, Mr Kapoor, as Chief Operating Officer of CME, was directing Mr Botting about the development (or non-development) of the WALSALL commercial information well after Mr Botting had created the plan.
>
> 63. Further, Mr Botting's claim that he agreed that CI would own the confidential information is lacking in detail and particularisation. He does not say:
>
> > (1) When the agreement was made;
> > (2) Who at CI he agreed it with;
> > (3) What form the agreement took.
>
> 64. I am conscious of the fact that Mr Botting has not been cross examined on his evidence, but this does not mean that it must be automatically accepted.[11] See paragraph 73 of the judgment of Ms Emma Himsworth, as the Appointed Person in *Robot Energy Limited v Monster Energy Company,* BL O/308/20 In my view, this part of Mr Botting's evidence is nothing more than a self-

> serving assertion. I therefore reject it. In the absence of any credible evidence that rights to the confidential information were initially vested by agreement in CI, or were subsequently assigned to CI, I find that the rights were owned by CME as Mr Botting's employer. I accept that CI may have had a beneficial interest in the commercial information at the time it was created. However, any such interest appears to have been abandoned before CI went into administration.

25. The Appellants do not dispute that the business plan must have been owned initially by CME. But they criticise the finding that there was no credible evidence that it was transferred to CI. They submit that all the relevant evidence indicates that it was transferred.

26. In particular they rely on Mr Botting's evidence that CI owned the business plan, the assignments referred to by the Hearing Officer and circumstantial evidence including the fact that CI was the intellectual property holding company for the Caparo Group.

27. In my view the Hearing Officer was entitled to reach the conclusion he did. Given that ownership of the business plan by CI was such an important part of the Applicant's case, it is surprising that Mr Botting did not address this at all in his first witness statement. Even when he turned to it his later statements, the Hearing Officer was entitled to find that the lack of detail and particularisation in his explanation as to how agreement was reached to transfer the rights from CME to CI was fatal to the Applicant's claim.

28. It must be remembered that the Applicant bore the burden to prove all the facts necessary to lead to a finding of bad faith in the present case. As the authorities make clear, an allegation of bad faith is a serious one which must be distinctly proved. See also point 6 in Sir Christopher Floyd's summary above. Although the burden remains the civil one of balance of probabilities, where, as here, the Applicant had access to the material necessary to prove a part of the case, but has failed to satisfy the Hearing Officer of it, I am reluctant to go behind this and find that the Hearing Officer was wrong.

29. I accept that it may be unsatisfactory for a point to be determined based on the burden of proof. However, as I will go on to explain, I consider that the appeal fails for other, even clearer reasons, to which I now turn.

**GROUND 2**

30. Ground 2 concerns the knowledge of the Proprietor. The Appellant suggests that the Hearing Officer was wrong to find that Mr Roberts did not know at all relevant dates that the Caparo Group's business and IP had been transferred to the Liberty Group

of Companies. It is said that the Hearing Officer did not address the question as at the right date and the Appellant points to the dates of various transactions as having taken place earlier, thereby negating any suggestion of a hiatus in business.

31. The problem with this approach is that what matters is not when the transactions actually took place, but rather Mr Robert's knowledge of them. The Hearing Officer addressed this in paragraph 26 of the Decision. He accepted that Mr Roberts would have known some of the relevant facts based on the knowledge of the Chief Financial Officer of CME (Mr L). But he pointed to contemporaneous material in the form of Mr L's LinkedIn page which suggested that not all of the relevant facts would have been known by him and passed on to Mr Roberts. He also pointed to the fact that other materials containing the relevant information were not public. The fact that some of the transactions might have taken place earlier cannot alter his conclusion.

32. The further problem with the Appellant's forensic approach to the timeline is that if, as must follow from its submissions, Mr Roberts was not telling the truth in his witness statement about what he knew at what time, it remained open to the Appellant to challenge Mr Robert's account by cross-examining him before the Hearing Officer. Having elected not to do so, the Hearing Officer could only do his best with the written material before him. I have reviewed this written material and I am unable to detect an error of principle in the Hearing Officer's assessment of it, bearing in mind the legal principles set out above.

33. I therefore consider that the Hearing Officer was entitled to come to the conclusion he did as to the knowledge of Mr Roberts. I am certainly unable to conclude on the material before me that he was wrong to do so.

**GROUND 3**

34. This is the point that the intention to use the Walsall Conduits mark had been abandoned by CI by the time the Proprietor came to apply for the same mark. If correct, I consider that it is fatal to the Appellant's case, notwithstanding my view on the other grounds of appeal.

35. The Hearing Officer recorded his conclusion as to this in paragraph 64 of the Decision. His conclusion was based upon the findings at paragraph 27 et seq. Paragraph 27 is as follows:

> 27. Importantly, Mr Roberts claims that he understood that any interest in the idea of using the WALSALL CONDUITS mark had been abandoned in February 2015. In support of this claim, Mr Roberts' first witness statement included a copy of an email

from Mr Rajnish Kapoor to Mr Botting dated 12th February 2015. Mr Kapoor was the Chief Operating Officer of CME at the time. The key part of his email said:

> *"After a lot of thought, I have concluded that naming 3rd conduit brand – HAYES gives me more weight than WALSALL.*
>
> *As WALSALL now and later will be surrounded in controversy due to ownership while HAYES is mentioned on Caparo UK website as one of the Caparo brands, so clear of all doubts."*

36. On its face it can be seen why the contents of this email might be said to amount to a representation that the interest in the Walsall marks had been abandoned.

37. Nevertheless, the Appellant/Applicant disputed this through Mr Botting's evidence and maintained that there were documents which supported the contrary view. The Hearing Officer dealt with these arguments in paragraphs 28 to 37 of the Decision.

38. First, he dismissed the suggestion that it was clear on the face of the email set out above that CI had not abandoned use of the Walsall marks. He then turned to Mr Botting's evidence that there was internal correspondence showing that there remained an interest in the Walsall marks. He assessed the evidence from both sides going to this and in particular the evidence from Mr George which explained that Mr Botting's laptop had been reformatted and so this material had been lost.

39. He then analysed in detail the Applicant's criticisms of the Proprietor's position regarding the retention of documents (set out in paragraph 34 of the Decision). He concluded in paragraph 35 that the alleged inconsistencies in the Proprietor's position had not been put fairly to the Proprietor. Nor had an application for disclosure been made. Nor, as the Hearing Officer had previously noted, was any application made to cross examine the Proprietor's witnesses.

40. As a result, the Hearing Officer concluded in paragraphs 36 and 37 that, based on the evidence that was before him, there was no reason for Mr Roberts or the Proprietor to know that CI retained any interest in using the WALSALL CONDUITS trade mark in the future, or that the Applicant had acquired any such interest.

41. I am unable to detect any error in the Hearing Officer's analysis. Here there was a conflict on the facts and a dispute about the fullness of the contemporaneous documentation provided – which there will often be in a s.3(6) case. At the same time, good faith is presumed until the contrary is proved. No application for disclosure was made nor was there any attempt to cross-examine. In such circumstances the Hearing Officer can only do his best on the material before him. That he did and I decline to interfere with the conclusion he came to. On the material

before him and in particular the email from Mr Kapoor to Mr Botting dated 12th February 2015, this was a conclusion to which he was clearly entitled to come.

**GROUND 4**

42. The final ground of appeal is an extension of the 2nd Ground – against the finding in paragraph 72 that that even if CI did have a continuing interest in the Walsall brand, this was not known to Mr Roberts when the Proprietor's marks were applied for.

43. For the reasons I have already given, I consider the Hearing Officer was entitled to conclude that Mr Roberts was not on notice of any interest retained by CI in the use of Walsall Conduits. This finding follows on from the Hearing Officer's earlier findings which were the subject of the appeal under Ground 3, which I have rejected. The Appellant seeks to rely on an alleged inconsistency in the evidence of Mr Roberts, but in the light of the written evidence that was before the Hearing Officer and given that this inconsistency was not put to Mr Roberts in cross-examination, I consider that the Hearing Officer was entitled to reject it.

44. Like the others, this ground of appeal is no more than an invitation to me to come to a different conclusion to that of an experienced hearing officer in his assessment of the evidence. I decline to do so for the reasons I have given and based upon the well-established approach which should be taken to appeals of this nature. There was evidence to support the findings of the Hearing Officer; he did not misunderstand the evidence and his conclusions were not those which no reasonable judge could have reached. Nor were his findings unsupportable or wrong. The appeal is therefore dismissed.

**COSTS**

45. As will be apparent from the above, in the absence of any identified error of law, this appeal was always going to be challenging for the Appellant. Although no hearing took place, both sides submitted detailed written submissions which assisted me in reaching my decision.

46. Below, the Hearing Officer awarded the Respondent £2550.

47. The Respondent has also been successful on this appeal. To take account of the work in considering the Appellant's grounds of appeal, and in preparing a detailed skeleton argument in lieu of a hearing, I award the Respondent £950 (£400 for the former and £550 for the latter).

48. Therefore I order the Appellant to pay to the Respondent £3500 within 21 days of the date of this decision.

Thomas Mitcheson QC
The Appointed Person
2 August 2021

The Applicant was represented by Barker Brettell LLP.
The Proprietor was represented by Edward Bragiel instructed by WP Thompson.
The Registrar took no part in the Appeal.