# O/0257/25

## TRADE MARKS ACT 1994

**TRADE MARK APPLICATION No. 3675709**

**BY FIFTH AVENUE ENTERTAINMENT LLC**

**AND**

**OPPOSITION No. 429233**

**BY COMMODORES ENTERTAINMENT CORPORATION**

## BACKGROUND AND PLEADINGS

1. This is an opposition by Commodores Entertainment Corporation ("the opponent") to an application filed on 30th July 2021 by Fifth Avenue Entertainment LLC, ("the applicant") to register **THE COMMODORES** as a trade mark in relation to:

> *Class 9: Series of musical sound recordings; series of musical video recordings; downloadable musical sound recordings; downloadable music video recordings featuring music and entertainment; audiovisual recordings featuring music and entertainment.*
>
> *Class 41: Entertainment in the nature of live performances by a musical artist.*

2. The opponent claims to own goodwill under COMMODORES from the use of that name throughout the UK since the 1970s in relation to:

> *Recording discs; compact discs, records, pre-recorded audio and video tapes; pre-recorded compact discs and records; Entertainment services; music publishing services; presentation of live musical performances; production of musicals, and shows; provision of musical compositions and musical recordings; organisation of musical performances; management of live shows; live performances.*

3. According to the opponent, use of the contested mark by the applicant would constitute a misrepresentation that it is, or is connected to, the opponent. Such a misrepresentation would damage the opponent's goodwill. Consequently, registration of the trade mark would be contrary to section 5(4)(a) of the Trade Marks Act 1994 ("the Act"), the relevant parts of which are as follows:

> *"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, where the condition in subsection (4A) is met,*
>
> *(aa) –*

*(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.*

*5(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application."*

4. The opposed application was made under paragraph 25 of Part 3 of schedule 2A to the Act. This means that it was filed to partially replace an application to register an EU trade mark that was still pending on the date the UK completed its exit from the EU. The resulting UK trade mark application is entitled to the filing and priority date (if any) afforded to the earlier filed EU trade mark application. Consequently, the relevant date for establishing priority vis-à-vis any third-party rights is the date of filing the EU trade mark application: 17th October 2014.

5. The opponent further claims that the contested application was filed in bad faith and should, therefore, be refused under section 3(6) of the Act. According to the opponent:

(a) The director/owner of the applicant company – Thomas McClary - was a member of the Commodores, but left the group in 1984.

(b) The opponent through its group the Commodores continued to perform as such and to release records.

(c) The applicant and its director/owner, Thomas McClary, began trading under the name 'The Commodores featuring Thomas McClary' and performing live under this name in 2014 when they had no right or legitimate basis to do so.

(d) The opponent acted through the US courts to restrain such use of the name and obtained a permanent injunction in 2016 prohibiting the applicant and Mr McClary from marketing themselves anywhere in the world as (the) Commodores.

(e) This injunction was subsequently affirmed by the Federal District Court and was in force when the applicant filed the UK trade mark application.

(f) Therefore, the applicant acted in bad faith in filing the UK trade mark application.

6. The applicant filed a counterstatement in February 2023 denying the grounds of opposition. I note, in particular, that the applicant:

(a) Asserted that Thomas McClary was one of six members of the Commodores group from the 1970s/1980s, and that he along with another ex-group member, Lionel Ritchie, wrote more than half the group's songs.

(b) Claimed that the Commodores from the 1970s/1980s, as the public would have known them, no longer exists.

(c) Denied that the opponent had performed in the UK for a minimum of 16 years, and more likely 20 years, and put the opponent to proof of having any UK customers in the previous 10 years.

(d) Claimed the US court rulings referred to by the opponent were subject to outstanding appeals.

7. Both sides seek an award of costs.

**REPRESENTATION**

8. The applicant does not have an external legal representative. The opponent is represented by Tomkins and Co. A hearing took place (remotely) on 27th January 2025 at which Mr Sam Carter appeared as counsel for the opponent. Ms Beryl McClary (who I understand is an attorney in the USA) appeared on behalf of the applicant.

**EVIDENCE**

9. The opponent's evidence consists of witness statements by William King (with 28 exhibits) and Dean Kent (with 3 exhibits). Mr King is a director of the opponent

company. He has been a member of a group called the Commodores since it was founded in 1968. The purposes of Mr King's evidence are to:

(1) Set out the history and membership of the Commodores group, their performances and record sales since the 1980s, and the continuing goodwill under the name;

(2) Put into evidence a partnership agreement dated 1977 signed by himself and, inter alia, Mr McClary, which he says means departing partners retain no continuing interest in the partnership's assets and that remaining partners were entitled to carry on as the Commodores;

(3) Show that Mr McClary left the group in 1984, during the term of the 1977 agreement, to pursue a solo career;

(4) Record the previous litigation in the USA and the EU, which resulted in Mr McClary owning an EU trade mark for the Commodores but the opponent succeeding in establishing itself as the legal owner of the trade mark in the USA, and obtaining an injunction prohibiting Mr McClary from performing as the Commodores anywhere in the world.

10. Mr Kent is an attorney who acts on behalf of the opponent in the USA. He provides details of the US litigation between the opponent and Mr McClary/the applicant.

11. The applicant's evidence consists of a witness statement by Thomas McClary (with 10 exhibits). The purposes of Mr McClary's evidence are to:

(1) Provide his version of the history of the Commodores, his key role as the creator of the group's distinctive sound, and as one of the two main songwriters;

(2) Deny that he left the group voluntarily, or that he assigned or surrendered his rights as a member of the partnership;

(3) Confirm that he signed a solo contract with Motown records in 1984 and released his first solo album as Thomas McClary in 1985;

(4) Record that the applicant signed an agreement with a promoter in September 2014 to perform six shows in the UK under the name 'The Commodores featuring Thomas McClary.'

(5) Explain that the EU trade mark application from which the current UK application claims priority was filed in October 2014 "*in good faith exercising* [his] *rights which* [he has] *as the founder member of The Commodores in the assets of the* [opponent]*."*

**THE DISPUTED FACTS**

12. Before addressing the legal grounds I find it convenient to make findings about the disputed facts.

**Was there a more-than-trivial level of goodwill in the UK under the name Commodores at the priority date of 17th October 2014, and at the filing date of the UK application on 30th July 2021?**

13. It is common ground that the Commodores were formed in 1968 and by the 1970s the membership was Lionel Richie, Thomas McClary, William King, Milan Williams, Ronald LaPread and Walter Orange. It is also common ground that the group had a string of hits, including in the UK, in the 1970s and early 1980s. These included very well-known songs such as Easy (1977), Three Times a Lady (1978), and Sail On (1979). In 1985 (after Mr McClary is said to have left the group) the single Nightshift was a hit in the UK reaching number 3 in the charts.[1] It was subsequently awarded a Grammy.[2] Overall, in the UK, the group had a no.1 single, five top 10 singles, eleven top 40 singles, one no.1 album, three top 10 albums, and eight top 40 albums.[3] Most of the music dates from the 1970s/1980s. The success of the Commodores music dropped off after 1985. However, royalty payments from downloads and performances

[1] See exhibit 11 to Mr King's statement
[2] See exhibit 12 to Mr King's statement
[3] See exhibit 25 to Mr King's statement

of the Commodores music on UK media were still being received in 2014,[4] and record sales continued to at least 2015.[5]

14. Following further departures and the recruitment of a new member called J.D. Nicholas, by 1988 the group became a trio comprised of Nicholas together with William King and Walter Orange. The Commodores continued to tour in Europe.[6] In 2009, the group took part in a UK tour together with other former Motown artists, such as Mary Wilson of the Supremes. The Commodores appear to have been given top billing.[7] There were six UK dates in Newcastle (Metro Radio Arena), Nottingham (Trent FM Arena), London (Wembley Arena), Birmingham (National Indoor Arena), Manchester (Manchester Arena), and Liverpool (Echo Arena). There is no evidence as to attendance figures, but all these venues have capacities of 10k or more.[8] Each such show was followed by a further show in the evening at a local nightclub.

15. It is well established that residual goodwill can support a passing off right even after the business that generated the goodwill has ceased. In *Minimax GmbH & Co KG v Chubb Fire Limited,*[9] Floyd J. (as he then was) considered how to assess whether in those circumstances the remaining goodwill was sufficient to support an action for passing off. He said:

> *"15. It is difficult to define any minimum threshold. It will all depend on the facts. How big was the reputation when use stopped? How lasting in the public eye are the goods or services to which the mark is applied? How, if at all, has the person asserting the existence of the goodwill acted in order to keep the reputation in the public eye? The greater each of these elements is, the longer, it seems to me, it will take for any goodwill to dissipate."*

16. At the hearing, Ms McClary criticised the opponent's evidence as inconclusive. However, I find Mr King's evidence and the exhibits he provides persuasive as to the

[4] See exhibit 21 to Mr King's statement. The covering letter show payments made in respect of a client called Commodores Entertainment Publishing, although the royalties records themselves are headed Commodores Entertainment Corporation, and Mr King says these corporations merged in 1978 – see also exhibit 3
[5] See exhibit 20 to Mr King's statement
[6] See exhibit 13 to Mr King's statement
[7] See exhibit 14 (page 151) to Mr King's statement
[8] See exhibits 14 & 23 to Mr King's statement
[9] [2008] EWHC 1960

continuing performances of the Commodores and their music up to 2014 and beyond. As noted above, the group as it then was toured the UK in 2009 featuring at major national venues.[10] This together with ongoing record sales would have generated new goodwill as well as keeping the group's earlier goodwill in the public's mind. All of this points strongly to the continuing existence of a commercially significant goodwill at the relevant date in 2014.

17. This is consistent with Mr McClary's own evidence. The applicant signed a contract with Original Entertainment Programming Ltd in September 2014 for six concerts in the UK early in 2015 under the name 'The Commodores featuring Thomas McClary'. The fact that they chose to include the name 'The Commodores' in the description of the artist is strong evidence that they believed goodwill still existed under that name.

18. Another aspect of Mr King's evidence shows the goodwill continued to exist in 2020. On 18th February 2020, a US-based promoter indicated he could provide a minimum of seven (named) UK venues for a tour by the Commodores. The promoter was willing to offer $55k for the group's participation plus a percentage of the takings. The fact the group was still being offered work in the UK in 2020 is strong evidence that the goodwill generated by the Commodores continued to exist when the UK trade mark application was filed a year later

**Did Thomas McClary own goodwill under the Commodores at the relevant dates in 2014 and 2021?**

19. In 1971 the group obtained a recording contract with Motown records. Under the terms of the contract, the group, and its members individually, were required to provide their services as musical artists exclusively to Motown records. If any of them left the group during the term of the agreement, Motown had the right to choose replacements, or to require the remaining members to carry on without the departing member(s).[11] The members of the group warranted that they owned the group name.

20. The basis on which they owned the group name is not clear. Mr Carter drew my attention to several authorities for the proposition that where a band carries on a music

[10] Per *Sutherland v V2 Music Ltd* [2002] EWHC 14
[11] See exhibit TM1

business its members are likely to constitute a partnership-at-will under English law. In these circumstances, the assets of the band belong collectively to the partnership and not to the individual members to exploit as they wish. When a member leaves, the partnership-at-will is dissolved. If some of the members carry on (with or without replacements) a new partnership-at-will is formed. Generally, a departing member has no right to trade under the band's name in the future, at least whilst the new band continues to operate under the name.[12] I am mindful that the Commodores partnership was formed in the USA and is, therefore, governed by US law rather than English law. However, I accept Mr Carter's submission that the applicant has not shown that the law in the US is any different to the law in the UK as regards the collective ownership of the property of a partnership not governed by a partnership agreement.

21. Mr McClary's evidence as to what happened after 1971 is that:

> *"11. In 1974, under the direction of our manager Benny Ashburn, Commodores Entertainment Corporation was formed, "CEC" a New York State Corporation. The initial purpose of the corporation was to engage in touring and to house the Motown Recording Agreement. Wherein all the members of the group, Lionel Richie, Milan Williams, Walter Orange, Ronald LaPread, William King, Bennie Ashburn, and myself had equal partnership interests in all of CEC's assets.*
>
> *12. In August 1, 1975, the CEC was amended to become our parent corporation housing four other companies; (i) Commodores Transportation Company, (ii) Commodores Fan Club, (iii) Commodores Publishing, and (vi) Commodores Merchandising. (Exhibit TM5)*
>
> *13. Two years later, on May 30, 1978, CEC was moved from the state of New York to the state of Nevada for the purpose of saving taxes. (Exhibit TM6) A new partnership was created. I retained my ownership of all of my IP rights and to my understanding nothing changed for any of the individual band members. as well."*

[12]See *Saxon Trade Mark* [2003] FSR 39

22. On 20th March 1978, the members of the Commodores - Lionel Richie, Thomas McClary, William King, Milan Williams, Ronald LaPread, Walter Orange and Benjamin Ashburn - entered into a General Partnership Agreement governed by the law of Alabama, USA. The purpose of the partnership was to conduct the musical business of the group. The agreement took effect from 13th December 1977 and had a term of 7 years. Clause 8.1 provided as follows:

> *"Use of Name for Performances. No individual Partner or combination of Partners may render any performance or services or sell any product, tangible or intangible, or license any rights utilizing the Partnership name or any other name chosen prior thereto by the Partners as a name under which they will collectively perform, or any name confusingly similar thereto, without the written consent of all the Partners."*

23. Clause 9 covered the situation after the death, withdrawal or expulsion of a partner and provided as follows:

> *"9. Use of Name Upon Death or Withdrawal of Partner. Upon the death or withdrawal of less than a majority of the Partners, the remaining majority of the Partners shall continue to have the right to use the name THE COMMODORES for any purpose. Except as otherwise provided herein, the estate of a deceased Partner or a withdrawing or expelled Partner shall not share in any sums received subsequent to the death, expulsion, withdrawal, respectively, of such Partner with respect to the use of such name."*

24. Clause 13 covered the withdrawal of a partner as follows:

> *"13. Withdrawal of Partner. Subject to the limitations immediately following, any Partner may withdraw from the Partnership and such withdrawal shall not result in a termination of the Partnership. Any Partner who at any time desires to withdraw from the Partnership shall notify each of the remaining Partners in writing of such desire not less than six (6) months prior to the date upon which he desires to withdraw. Any withdrawing Partner shall continue to be bound by the provisions of Paragraph 8.I hereof.*

25. The remainder of clauses 13 and 14 of the 1977 agreement set out the entitlement of departing partners to a share in the partnership's income and profits. Broadly speaking, the departing partner was (at most) entitled to a share of income received from his personal appearances (for a limited time), and to income received from musical recordings and copyright royalties from works created and/or performed when he was a member of the group.

26. Clauses 8, 9, 13 and 14 of the 1977 agreement did not give Mr McClary the right to use the name COMMODORES on his own account whilst he was a partner. The situation would have been no different if he had left or been expelled from the partnership during the term of that agreement. Further, nothing in the agreement supports his claim to own a divisible share of the goodwill created under that name. On the contrary, the provision for the remaining partners to continue to use the group's name after the departure of partners, and the extension of the prohibition on individual partners using the name after they left the partnership, clearly indicate the goodwill was intended to remain the property of the continuing partnership.

27. Lionel Ritchie left the Commodores in 1982. Benjamin Ashburn died. On 2nd March 1984 the remaining partners exercised their rights under clause 9 of the 1977 agreement to continue the partnership without Ritchie and Ashburn. They signed an amendment to the General Partnership Agreement which replaced it *"in toto."* Recital C to this agreement recorded that:

> *"The principal business activity of the Partnership no longer is to engage in the entertainment business as the Group but is to own, maintain and lease certain motor vehicles and musical and studio equipment to Commodores Entertainment Corporation, a Nevada corporation, (the "Corporation"), which now conducts the business of the Group, and to hold all rights in and to the Group name "THE COMMODORES,"…… and all goodwill inherent therein (collectively referred to as the "Group Name")."*

28. The first part of this re-purposing of the partnership was reflected in the operative part of the agreement at clause 2, which stated:

*"Purpose of Partnership. The purpose of the Partnership shall be to own, maintain and lease motor vehicles and musical and studio equipment and to engage in such other activities and businesses as may be incidental or related thereto, and any other businesses as may be agreed upon by a majority of the Partners. The above specification of particular purposes or businesses shall in no manner be deemed a limitation upon the general powers of the Partnership."* (emphasis added)

29. There was no mention of the partnership holding the goodwill in the group's name in the operative part of the 1984 agreement. On the face of things, recital C is inconsistent with clause 2. In that event, the operative part of the agreement must be given precedence because it records what was agreed whereas the recitals are just background facts. One possible explanation for the apparent inconsistency is that it was intended for the partnership to retain the pre-existing goodwill it already owned. And as the partnership was no longer operating the business of the group, there was no need to make provision for ownership of goodwill from the group's future activities. Clause 9 replicated the same numbered clause in the 1977 agreement. It stated:

*"Except as otherwise provided herein, the estate of a deceased Partner or a withdrawing or expelled Partner shall not share in any sums received subsequent to the death, expulsion, or withdrawal, respectively, of such Partner with respect to the use of the Group Name.*

30. Clauses 14 of the 1984 agreement was as follows:

*"14. Withdrawal of Partner. Any Partner who at any time desires to withdraw from the Partnership shall notify each of the remaining Partners in writing of such desire not less than six (6) months prior to the date upon which he desires to withdraw. The Partnership shall not terminate upon the withdrawal of any one or more of the Partners. At the effective time of withdrawal, the withdrawing Partner shall be deemed to be a Terminated Partner as of such date, and the Partnership Interest of such Partner shall be sold pursuant to Paragraph 13 of this Amendment."*

31. Clause 13 set out the procedures to be followed on the death, incapacity or "*termination"* of a partner. The departing partner was entitled to an equal share of the partnership's assets according to their book value. However, although the partnership's physical property was mentioned, such as its motor vehicles, studio equipment and real estate, there was no mention of any IP rights or how they were to be valued. Clause 10.5 of the 1984 amendment expressly stated that no value would be attached to the goodwill in the group name on dissolution. Further, clause 16.10 made it clear that a departing partner was not entitled to a share of the goodwill in the partnership. It was as follows.

> *"16.10 Waiver of Right to Court Decree of Dissolution. There shall be no good will of the Partnership insofar as a Deceased, Incapacitated, Terminated, or withdrawing Partner is concerned. The Partners agree that irreparable damage would be done to the reputation of the Partnership if any Partner should bring an action in court to dissolve this Partnership. Care has been taken in this Amendment to provide what the Partners believe are fair and just payments to be made to a Partner whose relation with the Partnership is terminated for any reason. Accordingly, each of the parties accepts the provisions under this Amendment as his sole enrichment upon termination of his Partnership relation. ship relation. Each party hereby waives and renounces his right to seek court decree of dissolution or to seek the appointment by a court of a liquidator for the Partnership."*

32. I conclude that the 1984 agreement provides no basis for Mr McClary's claim to own goodwill under the name Commodores. Indeed, the partnership re-formed through the 1984 agreement was not directly involved in operating the musical group known as the Commodores. It appears that this role was by then being undertaken by the opponent. Therefore, any claim to own goodwill generated by the partnership after 6th March 1984 appears irrelevant to ownership of goodwill in the group's name, at least in relation to the musical recordings/performances business generated after this date.

33. Further, even if the re-purposed partnership owned the goodwill generated under the name Commodores prior to 1984 (as suggested in Recital C to the 1984 Agreement), it appears that Mr McClary lost any such right when, according to Mr

King, he withdrew from the Commodores to pursue a solo career. In support of this claim he exhibits a letter dated 6th August 1984 on the headed paper of Thomas McClary Productions, Inc. confirming Mr McClary's withdrawal from the Commodores with effect from 31st May 1984 and wishing his partners *"the best."* The letter is signed 'Tommy'.

34. Mr McClary denies having written the letter. He exhibits a copy of a report by a Forensic Document Examiner I shall call Mr O.[13] It is dated 20th July 2015. It appears to have been prepared for proceedings in the USA. Mr O compared the signature of 'Tommy' in the purported withdrawal letter to the signatures of Mr McClary on other documents, such as bank cheques, receipts, and agreements, and concluded they were not made by the same person. Mr O has not given evidence in these proceedings.

35. For the opponent, Mr Carter pointed out that the signatures examined by Mr O varied considerably. He submitted that the only unifying feature was the sweep of the top of the initial letter 'T', which is present in the name on the purported withdrawal letter. According to him, this indicated it was genuine. In any event, an allegation of forgery is a serious one to make. Mr Carter submitted that the allegation should not be accepted in the absence of a request to cross examine Mr King on this aspect of his evidence.

36. I have noted Mr O's report, but as I have already pointed out, Mr O has not given evidence in these proceedings. The applicant's counsel is not a handwriting expert. Therefore, his submissions about the signatures do not amount to relevant evidence either. However, I accept Mr Carter's submission that the letter of withdrawal in evidence appears genuine on its face, and that in these circumstances I should not find it is a forgery unless it is fair to do so having regards to the evidence as a whole.

37. Mr McClary's account of the circumstances in which he left the group is as follows:

> *"17. In 1983, I informed William King via telephone that I would not be performing with the group at a show in Denver, Colorado in my integrity of his selection of our new manager. Mr. King told me if I was not in Denver, "I would*

[13] See exhibit TM9 to Mr McClary's statement

*be considered no longer with the band." Since that time, I have performed with the band on several occasions.*

*18. In March 2, 1984, I was presented with an Amendment to the General Partnership Agreement. Upon presentation and protest of the language in the new agreement, I never received answers to my questions regarding the existing partner's interest in the CEC assets. I did not assign or transfer any of my rights. (Exhibit TM3)*

*19. Mr. King's removal of me from the band in 1984, because of my stance taken toward his selection of the new manager, was my position then, as it is now—I did not voluntarily withdraw from the group. I was wrongfully removed from the group by King's ultimatum. King had no contractual or written partnership authority to do so.*

*20. Further, I was never given, received or executed any written documents from CEC stating that I waived or assigned my rights as a partner in the assets and to CEC.*

*21. And most importantly, I have not received any monetary compensation for my one-fifth (1/5) interest in the partnership since my wrongful removal. (Exhibit TM2)."*

38. Therefore, according to Mr McClary, he was "*removed"* from the Commodores in 1984 after he refused to perform with the group the previous year in protest at the selection of a new manager. He says he "*performed with the band on several occasions"* after 1983. It is not clear from what he says if this was before or after he says he was removed from the group in 1984.

39. Mr King's evidence on this matter is as follows:

*"After this departure from the Commodores Group, Mcclary had no further involvement, relationship or affiliation whatsoever with The Commodores or* [the opponent], *except for two times when The Commodores' lead guitarist could not make the performances. On those two occasions, the road manager asked us to use Mcclary to substitute, because it was understood that McClary*

*needed the money. In order to assist McClary, he was offered these jobs. McClary travelled as a paid band member and was totally separate from The Commodores, and was not employed as a formal member of The Commodores or of* [the opponent].*"*

40. Mr McClary does not appear to dispute Mr King's account of the circumstances in which he subsequently appeared with the group. It therefore seems likely that the occasions on which he performed with the Commodores after 1983 were after he had left or been removed from the group in 1984. Although Mr McClary says he protested about the language of the 1984 agreement, and was concerned about the partners interests in the opponent's corporate assets, he nevertheless signed the amendment agreement in March 1984. It seems that all parties still regarded him as a partner at that time. The timing of the disputed withdrawal letter in August 1984 is around the time when Mr McClary elected to pursue a solo career with Motown under his own name. Although there were obvious tensions within the group, this is consistent with Mr McClary having decided to leave the Commodores to pursue his solo career. The parties apparent willingness to work together again on a few occasions after 1984 is also consistent with the apparently amicable tone of the withdrawal letter. Looking at the evidence in the round, and absent a request to cross examine Mr King and put it to him directly that the withdrawal letter he exhibits is a forgery, I accept his evidence that the letter in evidence was received by him in 1984.

41. Even if I am wrong about this and Mr McClary was instead removed in 1984 because of his refusal to perform with the group from 1983, clauses 14 and 16.10 of the 1984 agreement indicate that Mr McClary lost any entitlement to benefit from the partnership's goodwill (let alone to own it independently of the partnership) when his membership was *"terminated"* in 1984.

42. At the hearing, Ms McClary submitted that Mr McClary remained a member of the partnership throughout the term of the agreements to which he was a party. This meant he retained all his rights. When I asked her for clarification, she confirmed this meant he was entitled to exploit the goodwill generated from the music and performances of the Commodores whilst he was a member, **and** after he ceased to be a member of the group.

43. I do not accept this submission for the following reasons:

(1) The purpose of the 1977 agreement was to conduct the musical business of the Commodores group. The agreement codified their relationship, rights and obligations as group members. The proposition that a partner could leave (or be removed from) the Commodores group during the term of the agreement, but remain a member of the partnership, is contrary to the structure and purpose of the agreement.[14]

(2) By the time Mr McClary left the Commodores in 1984 the partnership had been re-purposed. It was no longer to conduct the musical business of the group. Instead, its principal activity was to lease vehicles and supply studio equipment to the company that appears to have taken over the musical business of the group (i.e., the opponent). The recitals do not constitute the agreement: for something to form part of the agreement itself it must be given effect by the operative clauses. Otherwise it is just a statement of background fact. There was no mention of the partnership's purpose being partly to own the goodwill under the group's name in the operative part of the 1984 agreement. Therefore, even if Mr McClary remained a member of the re-purposed partnership after he ceased to be a performing member of the Commodores, the amended partnership agreement would not have given him any right to the goodwill generated by the Commodores' musical business, at least as far as any goodwill generated after March 1984 was concerned.

(3) Even if Mr McClary remained a membership of the partnership (as opposed to the musical group) after 1984, and the partnership retained the goodwill generated by the Commodores prior to 1984, the partnership terminated on 6th March 2014. This is prior to the relevant dates in these proceedings. It would have made no business sense in 1984 to permit the individual partners to assign or exploit the goodwill in the group's name in music sales and musical performances after the expiration of the partnership in circumstances where (a) the re-purposed partnership would not have conducted the musical business of the Commodores for up to 30 years, (b) the opponent had already taken over

[14] For example, clause 8 refers to "*a name under which they will collectively perform"*

the conduct of that business and it was the vehicle through which the musical business would continue to be conducted. This conclusion is consistent with clause 10.5 of the 1984 agreement which covers dissolution and termination of the partnership and provides:

> *"Agreement of Partners. Upon the agreement of all of the Partners. Unless otherwise provided herein, upon dissolution and/or termination, the Partnership's assets shall be divided in accordance with the Uniform Partnership Act of the State of Alabama, in force at the date as of which this Amendment is executed, provided, however, that no value shall be assigned to the Group Name and no Partner shall use the Group Name after dissolution without the written consent of all the other Partners."* (emphasis added)

(4) Any copyright Mr McClary owns in some of the original music of the Commodores, or any related rights as a performer in that group up until 1983, did not make Mr McClary, as a former partner, a joint owner of the goodwill in the ongoing musical business of the Commodores, or give him the right to trade under that name.

44. Therefore, the expiration of the partnership agreement does not mean that Mr McClary obtained, or personally (re)acquired, any goodwill attached to the group's name in 1984, or the right to sell music and provide musical performances as the Commodores in 2014 or 2021.

45. I conclude that (1) there is no evidence that Mr McClary had any right to exploit for his own benefit the goodwill generated under the group's name prior to 1977, (2) The 1977 agreement expressly denied him that right, and (3) The 1984 agreement gave him no such right. I conclude that Mr McClary had no entitlement to the goodwill that still existed in the UK under the Commodores at the relevant dates in 2014/2021.

46. It follows that Mr McClary's company – the applicant – had no such right either.

**Did Commodores Entertainment Corporation own goodwill under the Commodores at the relevant dates in 2014 and 2021?**

47. The evidence shows that by 1977 the Commodores partnership was governed by agreements made under the law of the State of Alabama. It follows that the partnership was not, at least by then, a partnership-at-will as in the cases cited to me as authorities. As Laddie J. noted in *Saxon Trade Mark*:

> *"A properly advised band could avoid the* [problems caused by the law governing partnerships-at-will] *by entering into a partnership agreement which expressly provides for the partnership to continue on the departure of one or more members and which expressly confirms the rights of the continuing and expressly limits the rights of departing partners to make use of the partnership name and goodwill."*

48. This is precisely what the Commodores did. It follows that insofar as it is contended that the ownership of the Commodores' goodwill in the UK derives from the partnership agreements between the group's members, the partners rights and obligations are to be interpreted in accordance with the terms of those agreements.

49. The goodwill generated by the Commodores musical group between 1977 and 1984 clearly belonged to the partnership. This is made clear by the fact that the agreement gave a majority of the partners the right to carry on using the group's name if one or more of the members withdrew, died, or was expelled. By contrast, departing partners continued to be bound by clause 8 which prevented them from using the group's name on their own account. So the departure of Lionel Ritchie and the death of Benjamin Ashburn made no difference to the ownership of the group's name and associated goodwill.

50. At some time prior to March 1984 the operation of the group's musical business was transferred to the opponent.[15] There is no evidence that the pre-existing goodwill was assigned to the opponent. Indeed, I recall again that recital C to the 1984 agreement states that:

[15] As recorded in Recital C to the 1984 agreement

*"The principal business activity of the Partnership no longer is to engage in the entertainment business as the Group but is to own, maintain and lease certain motor vehicles and musical and studio equipment to Commodores Entertainment Corporation, a Nevada corporation, (the "Corporation"), which now conducts the business of the Group, and to hold all rights in and to the Group name "THE COMMODORES,"…… and all goodwill inherent therein (collectively referred to as the "Group Name"" (emphasis added)*

51. Mr Carter submitted that the underlined words meant that the opponent was to hold all rights in the name THE COMMODORES. However, a natural reading of the words in the recital indicates that, although the opponent was, by that time, conducting the business of the group, the partnership was to hold the existing rights and associated goodwill in the group's name. Although it is possible to infer a transfer of goodwill where a business is taken over by a new owner as a going concern, I am not prepared to make such an inference in these circumstances.

52. The recitals record the facts agreed by the parties at the time of the agreement, i.e., they set out the factual background. As I have already mentioned, the recitals by themselves do not operate to create rights, obligations, or commit the partnership to a particular purpose. This is why I find it highly significant that holding the goodwill in the group's name was not mentioned in clause 2 (which set out the revised principal purposes of the partnership), or anywhere else in the operative part of the 1984 agreement.

53. The most that can be gleaned from recital 2 to the agreement was that the parties may have intended the re-purposed partnership to retain the IP rights owned by the partnership prior to its change of purpose in March 1984.

54. The next question is who owned the goodwill generated in the UK after that date? This is a question of fact. It is necessary to consider (a) who was actually responsible for the quality of the goods/services marketed from 1984 onwards, and (b) who the public in the UK perceived as being responsible. Mr King's evidence is that the opponent conducted the business of the Commodores from the 1980s onwards.

55. Throughout the 80s the group continued to release albums and records and tour globally, including the United Kingdom. Through such activities the COMMODORES continued to be used globally, including the United Kingdom, both for the sale of records, musical recordings and downloads, and live performances and tours.

56. This is supported by exhibit 11 which consists of a list of chart placings for the Commodores records. The list appears to have been downloaded from the website of Song Artists 208. It shows that the group had several records in the UK charts in the 1980s, including Nightshift (14 weeks in the UK charts in 1985), Goin' to the bank (4 weeks in the UK charts in 1986) and Easy (a re-release of an earlier song that stayed in the UK charts for 11 weeks in 1988). Records of the Commodores audio royalty earnings from Universal Music Group are in evidence. They show the royalties paid under 6 agreements made between 1971 and 1986.[16] Around $1m in royalties was paid between 2006 and 2015 from recordings sold in the EU, about $600k of which was UK-derived royalties.

57. Exhibits 17 to Mr King's statement shows that a Commodores UK tour occurred in 1985 visiting 25 venues throughout the UK. According to Mr King, the Commodores toured Europe in 1992 and 2005, including the UK. There is some documentary support for this claim,[17] although no details of UK venues/dates have been provided. There is, however, plenty of evidence showing the group toured the UK in 2009.[18] There is also an extract from a third-party website (BBMlive.com) indicating that the Commodores played a concert at the O2 arena in London on 29th June 2012, although it is fair to say that the details of this concert are sketchy.

58. I conclude that it is not clear if the partnership assigned the goodwill that existed in the UK under the Commodores prior to March 1984 to the opponent. However, I find that the opponent is the party that has conducted the musical business of the group since at least as early as 1984. There is no evidence that the UK public know the opponent by name. However, it is well established that it is not necessary for the public to know the name of the owner of the goodwill. It is sufficient that they believe there is an entity who is responsible for the quality of the goods/services provided

[16] See exhibit 20 to Mr King's statement
[17] See exhibits 17 and 18 to Mr King's statement
[18] See above

under a distinctive name, such as the Commodores. The opponent has in fact been responsible for the quality of the goods and services provided since at least 1984. The position remained the same until 2014. The position is less clear at the relevant date in 2021 because the applicant had, by then, also been conducting a musical business in the UK under the name the Commodores. I return to the details of this below. For present purposes it is sufficient to note that the law of passing off does not prevent two or more parties holding protectable goodwill under the same name. I find that the applicant's post-2014 trading activities did not have the effect of depriving the opponent of the goodwill it owned in the UK under the name the Commodores at the relevant date in 2021.

**THE SECTION 5(4)(A) GROUND OF OPPOSITION**

59. In *Discount Outlet v Feel Good UK*,[19] Her Honour Judge Melissa Clarke 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)."*

[19] [2017] EWHC 1400 IPEC

Relevant date

60. Section 5(4A) of the Act states that the relevant date for assessing whether section 5(4)(a) applies is the earliest of the filing date or the priority date claimed for the application for registration. In this case that is 17th October 2014.

Goodwill

61. I have already found that the opponent owned a more-than-trivial goodwill in the UK under the name the Commodores at the relevant date. The goodwill was in relation to musical recordings and musical performances.

62. For the reasons given above, the applicant did not own a relevant goodwill from the trading activities of the Commodores either before or after March 1984.

63. There is some evidence that the applicant took steps to start performing in the UK under the name 'The Commodores featuring Thomas McClary' a couple of months prior to the relevant date. There is no evidence that the applicant did so prior to the relevant date.

Misrepresentation

64. The position at the relevant date is that the opponent had been conducting the musical business of the Commodores, including in the UK, for at least 30 years. By contrast, although Mr McClary had performed with the Commodores on a couple of occasions after 1984, he had not performed as the Commodores since about 1983. Several publicly available reference works recorded that he left the group in 1983/4.[20] The applicant itself had never conducted business in the UK as the Commodores prior to the relevant date. Consequently, I find that, at that date, the Commodores was distinctive of the opponent in the UK.

65. 'The Commodores' and 'Commodores' are essentially the same sign. Not surprisingly given the history of the matter, the goods and services covered by the application are the same or closely similar to the goods/services for which I have found Commodores was distinctive of the opponent. In these circumstances, use of the

[20] See exhibits 9, 10 and 26 to Mr King's statement

applied-for mark by the applicant would have amounted to a misrepresentation to the public that the user was the opponent, or was economically connected to the opponent.

Damage

66. Such a misrepresentation was bound to damage the opponent's goodwill, most obviously by diverting potential trade from the opponent to the applicant, and by damaging the distinctiveness of Commodores to the UK public.

67. I therefore find that use of the applied-for mark in the UK by the applicant, at the relevant date, would have constituted passing off. It follows that registration of the contested trade mark would be contrary to section 5(4)(a) of the Act.

Decisions of the US and EU courts

68. My attention has been drawn to judgments of the courts in the USA to the effect that the opponent is the lawful owner of the Commodores trade mark in that jurisdiction. I return to these judgments in more detail below when I examine the opponent's claim that the applicant filed the UK application in bad faith. For present purposes it is sufficient to note that I am not bound by decisions of the US courts because trade mark rights are territorially limited. Nor have I placed any significant weight on those judgments in reaching the above findings. I simply note that there is nothing in the decisions of the US courts which appears inconsistent with my own findings as to the ownership of rights under the Commodores in the UK.

69. My attention has also been drawn to a judgment of the EU's General Court in which a decision of the EUIPO's Board of Appeal, that the opponent owned the goodwill generated in the UK under the Commodores, was set aside. I am not bound by decisions of the EU courts either. In any event, as counsel for the opponent pointed out, the General Court did not find the applicant owned goodwill under the Commodores. The reason the case was remitted to the EUIPO was because the Board of Appeal had failed to consider whether Mr McClary had joint rights to use the Commodores in the UK after the 1977 partnership agreement expired. By the time the Board of Appeal came to revisit the case the UK had completed its departure from the

EU. Consequently, the Board of Appeal ruled that the opponent could no longer rely on any earlier right in the UK. And as the opponent had earlier limited its claim to own an earlier right in the EU to the territory of the UK, it duly dismissed the opposition to registration of the EU trade mark. I have considered the issue identified by the General Court and made findings based on the evidence before me, including the 1984 agreement (which may not have been in evidence before the EUIPO). Consequently. I see nothing in the judgment of the General Court which contradicts my findings.

**THE SECTION 3(6) GROUND OF OPPOSITION**

70. In *SkyKick UK Ltd & Anor v Sky Ltd & Ors*,[21] Lord Kitchin summarised the general principles applicable to bad faith as follows:

> *"(i) […]*
>
> *(ii) The date for assessing whether an application to register [a] trade mark was made in bad faith is the date the application for registration was made (Lindt, para 35).*
>
> *(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation […], and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 ([Malaysia Dairy Industries Pte Ltd v Ankenaevnet for Patenter og Varemaerker (C-320/12) EU:C:2013:435 ("Malaysia Dairy")], para 29; [Sky plc v SkyKick UK Ltd (C-371/18) EU:C:2020:45 ("Sky CJEU"), para 73).*
>
> *(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the […] law of trade marks, namely the establishment and functioning of […] a system of undistorted competition 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*

[21] [2024] UKSC 36

*enable consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (Lindt, para 45; [Koton Mağazacilik Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO) (C-104/18) EU:C:2019:724 ("Koton")], para 45).*

*(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin (Koton, para 46; Sky CJEU, para 75).*

*(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case ([Hasbro Inc v EUIPO, Kreativni Dogaaji d.o.o. (intervening) (Case T-663/19) EU:T:2021:211 ("Hasbro")], paras 39 and 40; Koton, para 47).*

*(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (Hasbro, paras 42 and 43).*

*(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (Lindt, para 37)."*

71. The opponent's case is summarised at paragraph 5 above. The bad faith case is essentially that:

(1) Mr McClary left the Commodores in 1984.

(2) The group continued to make new music, to sell musical recordings, and to perform under the name.

(3) The opponent is the owner of several registered trade marks in the USA protecting the Commodores in relation to music recording and musical performances.

(4) Mr McClary started to perform again in the USA as 'the Commodores featuring Thomas McClary' in July 2014.

(5) Prior to this, in June 2014, the parties sent each other cease and desist letters in which the opponent complained about the applicant's plan to make unauthorised use of Commodores in the USA, and the applicant required the opponent to cease various actions it was taking to prevent such use.

(6) The opponent filed an action in the US Federal Courts on 18th August 2014 seeking an order restraining the applicant and Mr McClary from using the Commodores.

(7) A preliminary injunction to that effect was granted on 9th October 2014.

(8) The applicant filed the EU trade mark application from which the current application claims priority on 17th October 2014, just 8 days after the preliminary injunction was granted in the USA.

(9) On 30th December 2014, the US Federal Court issued an order clarifying that the earlier order was intended to enjoin the applicant and Mr McClary from infringing the US trade marks in the USA and in foreign territories.

(10) On 25th August 2016, the US Federal Court converted the preliminary injunction into a permanent injunction preventing the applicant and Mr McClary from infringing the opponent's mark anywhere in the world.

(11) Litigation continued in the USA and in May 2019 the applicant sought to modify the order of the US Court so as to remove the extraterritorial reach of

the injunction. This was rejected later in 2019, and an appeal against that decision was dismissed the following year.

(12) A further motion to exclude the countries of the EU from the scope of the injunction was filed on 30th August 2021 (i.e., after the current UK application was filed).[22]

72. These basic facts are established by the evidence of Mr Kent and Mr King. To complete the factual background, I note from Mr Kent's evidence that after the relevant date for assessing the section 3(6) ground – 17th July 2021 – the following developments occurred in the US litigation:

(1) The motion to exclude the countries of the EU from the scope of the injunction was rejected.

(2) Mr McClary and the applicant appealed the decision to reject the motion.

(3) Whilst the appeal was pending the US Supreme Court gave judgment in a separate case called *Abitron v Hetronic* in which it distinguished earlier case law about the extraterritorial scope of the US Lanham Act (the trade mark law in the USA) and held that it did not cover acts that occurred wholly outside the USA.

(3) In May 2024 the injunction restraining the applicant and Mr McClary was modified accordingly, but the court held that they had nevertheless infringed the opponent's rights by using a booking agency in New York to arrange tours in the EU under a name which included Commodores.

73. Unlike the position under section 5(4)(a), the opponent does not have to show that it was the owner of an earlier right in the UK to succeed with its bad faith claim. Consequently, if the opponent establishes that the application was filed to undermine the interests of a third party, it does not matter whether this was the opponent or the partnership which previously conducted the musical business of the Commodores.

[22] See the US court documents attached to the affidavit of Mr Kent included in the Notice of Opposition.

74. I find that the applicant's application to register the contested mark in the UK in circumstances where:

> (1) Mr McClary left the Commodores in 1984 and had not traded under that name (anywhere) between 1984 and 2014;
>
> (2) He knew the group had continued to perform under that name;
>
> (3) The applicant and Mr McClary were the subject of an injunction from the US courts preventing him from using the Commodores anywhere in the world;

- is sufficient to establish a rebuttal presumption that in applying to register the trade mark the applicant acted with "*the intention of undermining, in a manner inconsistent with honest practices, the interests of* [the opponent and/or the partnership of which he was previously a member ]." This is because (a) the applicant and Mr McClary must have realised that the registration of the mark in the UK would prevent them from using the mark in the UK, (b) they should have realised that the opponent and/or his ex-partners had at least as much right as they did to use the mark in the UK given the enduring goodwill of the group in this jurisdiction, and (c) in applying to register the trade mark in the UK they were applying to register a mark the US courts has prohibited them from using anywhere.

75. I therefore turn to Mr McClary's evidence to assess whether the applicant has rebutted the opponent's *prima facie* case. Mr McClary's evidence on this matter is as follows:

> *"24. In 2007, I formed a limited liability company in Florida, Fifth Avenue Entertainment to handle all my concerts and events.*
>
> *25. In July 2014, my company began to negotiate a European tour. In preparation for the up-coming European tour, I discovered that the mark "The Commodores" had not been applied for and registered in the UK or Europe. In anticipation of the tour, I was advised by a European attorney this would be a good thing to do. There was no registered mark. I was anticipating great success. To my knowledge there was nothing competing with me but, the thoughts of a great tour.*

*26. Prior to the CEC filing of their complaint in the United States on August 18, 2014, my company had already begun negotiating a European tour with six (6) engagements initially. (Exhibit TM8)*

*27. In September 2014, my company entered into a formal agreement with a promoter for six (6) shows in the UK. I was further informed, if the initial tour was successful, a follow-up tour would be expanded to include twenty-two cities. A contract was signed with the booking agent and my company listing the billing as The Commodores featuring Thomas McClary.*

*28. On October 17, 2014, my company Fifth Avenue applied and submitted an application to register the mark The Commodores as a European Union Common Trademark, in respect of goods and services, application No. 01337007.*

*29. I learned shortly thereafter from my attorney of opposition being filed to the application by the CEC for the EU Trademark Application.*

*30. My application and registration of the mark "The Commodores" was submitted upon being informed that the mark had not been registered in the UK, following all application procedures to register the mark, and, more importantly in good faith exercising my rights which I have as the founder member of The Commodores in the assets of the CEC."*

76. Exhibit TM8 to Mr McClary's statement is a contract document between the applicant and a booking agency for performances by 'the Commodores featuring Thomas McClary' in the UK for six dates in early 2015. The earliest date on the document is September 2014 (no precise date is given). This is after the opponent applied for an interim injunction from the US courts on 18th August 2014. However, Mr McClary says that negotiations began before this date, which seems plausible and I have no reason to disbelieve him. This does not mean that the applicant was unaware of any potential legal action when negotiations for a European tour began, which according to Mr McClary was in July 2014. By then the opponent had already sent the applicant a cease-and-desist letter after the applicant's plans to stage an event in New York using name including 'the Commodores' came to its attention.

77. I note the applicant's evidence that it had discovered that the Commodores was not registered as a trade mark in the EU before it made its application for registration in 2014. This does not mean that the application to register the mark must have been in good faith. The applicant did not have to register the trade mark to be able to use it in the EU. Although a registered trade mark gives the owner exclusive rights to the mark, the specific legal right bestowed on the owner of the mark is the right to prevent third parties from using it.

78. This is consistent with the mark the applicant chose to register. It was not the mark the applicant intended to use for the forthcoming EU tour – The Commodores featuring Thomas McClary – but the mark owned by the opponent in the USA and which was the subject of the dispute with the applicant – The Commodores.

79. The applicant knew that its right to use the Commodores was contested by the owner of the trade mark in the USA. The strength of the opponent's case must have become more apparent to Mr McClary after the US court granted the opponent an interim injunction on 9th October 2014. Therefore, it seems very likely that this was a major factor in the applicant's decision to apply to register the Commodores in the EU on 17th October 2014. I have no doubt it was intended to strengthen the applicant's hand in any potential dispute with the opponent about which of them had the right to the mark in the EU.

80. In the excerpt from his evidence shown above, Mr McClary appears to base his right to register the mark on his status as a founder member of the group, and his rights to the assets of the opponent. The rights granted under the partnership agreements do not distinguish between founding partners and other partners. Each partner was made subject to the same restrictions on use of the group's name. I see no basis for Mr McClary's claim that he is entitled to the assets of the opponent. It appears that he was a shareholder in the opponent but his shares were cancelled when he left the group. He says he never gave up his shares and they were illegitimately cancelled. Be that as it may, a person is plainly not entitled to use the assets of a company on his own account just because he is shareholder. So whether Mr McClary has a justified grievance about the loss of his shares is irrelevant. If anything, his claim to be entitled to the mark partly by virtue of his supposed rights in

the assets of the opponent tends to support the opponent's case that one of its assets is the goodwill in the name of the group.

81. The applicant's primary case at the hearing seemed to be that Mr McClary had a right to use the mark by virtue of the Partnership Agreements. It is said that by virtue of being a partner he was a joint owner of the goodwill in the name, and when the agreements terminated he became free to perform under the name on his own account (or that of his company). When I asked Ms McClary at the hearing if the logic of the applicant's position was that all the partners had the right to perform as the Commodores, she answered 'perhaps'. I have rejected the applicant's argument about Mr McClary's independent ownership of goodwill under, and entitlement to trade as, the Commodores. However, if it was correct it must follow that each of the other partners had the same right. Despite this, Mr McClary's company applied for the exclusive right to use the mark in the EU, and later in the UK.

82. Counsel for the opponent drew my attention to passages from several well-known cases, including *Saxon Trade Mark* where it was said that the mere possibility of the applicant using the trade mark to prevent others with rights to a name from using it was sufficient to justify a claim that the application was filed in bad faith. I do not accept the broadness of this submission. There are many cases in which more than one party has rights to a trade mark, e.g. cases of honest concurrent use. It cannot be right that any application to register the mark in the name of just one of those with rights to it must be made in bad faith. It all depends on the applicant's intentions. If the registration is intended to prevent third parties with no rights from using the mark, or to prevent those with their own independent goodwill under the mark from moving closer to the applicant's goods/services than had previously been the case, then the application would serve a legitimate commercial objective. In these circumstances, it is difficult to see why the applicant would be acting in bad faith. However, if this was the applicant's intention one would expect the applicant to give clear evidence to this effect. The applicant in this case has not provided such evidence. Looking at the history of the matter this is not surprising. The parties have been locked in this dispute for 10 years and the applicant has a track record of using every legal tool at its disposal. It seems likely the applicant intended to use the trade mark registration not only to be able to claim to be the owner of the trade mark The Commodores in the EU/UK, but also to

prevent the opponent from using the mark applied for in competition with the applicant in those territories.

83. By the time the UK trade mark application was filed in July 2021, things had moved on. Firstly, the US courts clarified in December 2014 that the applicant was injuncted from using the Commodores anywhere in the world. They had rejected several attempts to modify that order. Secondly, the applicant had undertaken the UK tour in early 2015, apparently in breach of the temporary injunction granted by the US courts in October 2014.

84. I do not consider the first matter decisive. This is because, firstly, the injunction covered use (as opposed to registration) of the trade mark. I recognise that including a trade mark in an application for registration might technically be using the mark. However, this is clearly not the kind of commercial use the US courts had in mind. Secondly, although there does not appear to have been a motion pending to modify US court's injunction to exclude use in Europe when the UK trade mark application was filed, the applicant evidently intended to file such a motion because it did so not long after. In deciding whether making an application to register a mark in the UK (accompanied by a statement of use, or that there was a *bona fide* intention to use the mark in the future) that the US courts had ordered the applicant not to use, it is appropriate to take account of the fact that the legal process in the US was not over so far as the applicant was concerned. The applicant clearly believed that the US courts had overreached their jurisdiction. The subsequent judgment of the US Supreme Court in *Abitron* shows that this was not a fanciful or unreasonable belief. Nevertheless, although not decisive, the applicant's decision to apply for registration in the UK whilst still injuncted from using the mark here makes it harder to accept that the applicant has rebutted the opponent's *prima facie* bad faith case.

85. The applicant's use of the Commodores in the UK prior to 30th July 2021 could also be relevant. Apart from potentially providing some commercial logic for the application for registration, such use is capable, in principle, of building concurrent goodwill under the name. In *Match Group, LLC & Ors v Muzmatch Ltd & Anor*,[23] Arnold LJ held that a use which was initially infringing could eventually cease to be infringing

[23] [2023] EWCA Civ 454 at [115] to [117]

if the trade mark proprietor of the mark took no action, there was substantial parallel trade for a long period, and as a result the trade mark and the sign came to be understood by the relevant class of consumers as denoting the goods/services of more than one trader.

86. To be clear, the applicant has not pleaded a case based on concurrent goodwill. Therefore, purely for the sake of completeness I note that:

(1) The only evidence of use of the Commodores by the applicant in the UK is the use of 'The Commodores featuring Thomas McClary' for 6 concerts held in early 2015, over six years before the relevant date;

(2) This is not the mark applied for;

(3) There is no evidence such use continued in the UK after 2015.

87. Therefore, even if the applicant had advanced an equitable defence of concurrent goodwill based on its use of the mark prior to the relevant date, I would have rejected it.

88. Taking all the above into account, I find that the applicant has not rebutted the opponent's prima facie case of bad faith. Therefore, I find that the UK application was made in bad faith contrary to section 3(6) of the Act.

89. Consequently, the opposition under section 3(6) also succeeds.

**OVERALL RESULT**

90. The opposition succeeds. The application will be refused.

**COSTS**

91. The opponent has been successful and is entitled to a contribution towards its costs. I assess these as follows:

£200 for the official fee for filing a notice of opposition.

£550 for preparing the notice of opposition and considering the applicant's counterstatement.

£1400 for preparing evidence and considering the other side's evidence.

£1200 for taking part in the substantive hearing and preparing a skeleton argument.

Minus £300 for unsuccessfully contesting the tribunal's provisional decision to refuse leave to appeal the decision of 11th August 2023 to permit the applicant to file a late counterstatement in circumstances where the Office had served the notice of opposition on the wrong address.

92. I therefore order Fifth Avenue Entertainment LLC to pay Commodores Entertainment Corporation the sum of £3350. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the final determination of this case (subject to any order of the appellate tribunal).

**Dated this 20th day of March 2025**

**Allan James**
**For the Registrar**