

TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2112771
BY WILLIAM ANDREW FINDLAY
TO REGISTER THE MARK
PROFINISH & DEVICE
IN CLASS 16 & 25

AND IN THE MATTER OF OPPOSITION THERETO
BY GRANVILLE OIL & CHEMICALS LTD

IN THE MATTER OF APPLICATION No 2112771
by WILLIAM ANDREW FINDLAY to register a trade mark in classes 16 & 25

5 AND IN THE MATTER OF OPPOSITION THERETO
under number 46806 by GRANVILLE OIL & CHEMICALS LTD

10 BACKGROUND

On 14 October 1996, William Andrew Findlay of 40 Selby Grove, Shenley Church End, Milton Keynes, MK5 6AG applied under the Trade Marks Act 1994 for registration of the trade mark **PROFINISH** & device (see below) :



15 In respect of:

25 Class 16: “ Adhesive masking tapes; masking materials; masking paper; plastic film in sheet form; refuse bags; refuse sacks; cleaning tissues; serviettes; key tags of paper and card being tie-on labels for use in identifying car keys; parts and fittings for all the aforesaid goods.”

30 Class 25 “Clothing; protective clothing; coveralls; gloves, disposable clothing; gloves of vinyl or of latex; parts and fittings for all the aforesaid goods.”

35 Following publication of the application, opposition to the registration was filed by Granville Oil & Chemicals Ltd on 9 May 1997. In summary the grounds of opposition are:

40 i) That the opponents have used the mark PROFINISH “extensively in the UK from a date prior to the filing date of application 2112771”. The opponents therefore claim an earlier right to the trade mark and so registration would offend against Section 5 of the Trade Marks Act 1994.

45 ii) That at the date of filing the applicant was an employee of the opponents, and also an agreement existed between the two parties wherein the rights and goodwill to the trade mark PROFINISH belonged to the opponents. The application therefore offends against Section 3(6) of the Trade Marks Act 1994.

iii) That in view of points i & ii the application offends against Section 3 of the Trade Marks Act 1994.

50 The opponents further requested that the Registrar refuse application No 2112771 in the exercise of his discretion. However under the Trade Marks Act 1994 the Registrar does not have a discretion to

refuse an application as he did under the old law. An application can only be refused if it fails to comply with the requirements of the Act and Rules in one or more respects.

5 The applicants subsequently filed a counterstatement denying all of the grounds of opposition. Both sides ask for an award of costs, neither party wished to be heard in the matter. My decision will therefore be based on the pleadings and the evidence filed.

10 OPPONENTS' EVIDENCE

The opponents' evidence takes the form of a statutory declaration dated 13 December 1997, by Michael Price Thomas, the Managing Director of Granville Oil & Chemicals Ltd (hereafter GOC LTD), a position he has held since 1990.

15 In his declaration Mr Thomas claims that in May 1995 he was approached by Mr Findlay, the Managing Director of Premier (Automotive) Disposables Ltd (hereafter PAD Ltd), seeking help as his company was in financial difficulty. Mr Thomas says he agreed to employ Mr Findlay as a sales manager and to pay the outstanding debts of PAD Ltd (in excess of £46,000) in return for the business of PAD Ltd, including the rights to the PROFINISH and device trade mark.

20 Mr Thomas was aware of the PROFINISH & device trade mark, and understood it to be an essential part of the business of PAD Ltd. The existence of the mark was an important factor in his decision to take over the business. Following the agreement Mr Findlay commenced employment with GOC Ltd on 1 June 1995. The outstanding debts of PAD Ltd were paid over the subsequent three months.

25 The business of PAD Ltd consisted of sales of a range of products for use within the automotive industry including seat covers, adhesive masking tapes, masking materials, masking paper, plastic film, refuse bags, refuse sacks, cleaning tissues, serviettes, key tags, tie-on labels, protective clothing, overalls and gloves. With effect of 1 June 1995 GOC Ltd continued the business of PAD Ltd, and used the PROFINISH trade mark as of that date. At exhibit MPT1 are copies of circulars issued to customers and suppliers of PAD Ltd by Mr Findlay explaining the transfer of the business. These clearly state that sales, marketing and distribution of the Premier Disposables range are to be handled exclusively by GOC Ltd.

35 Mr Thomas provides sales figures for the PROFINISH and device mark by GOC Ltd:

Year	£
1/6/95 - 31/12/95	36,700
1/1/96 - 31/12/96	234,800
1/1/97 - 30/9/97	284,700

40 At exhibit MPT2 is a PAD Ltd brochure with the name and address of GOC Ltd on the back, whilst at exhibit MPT3, is a GOC Ltd brochure and price list (dated 1 February 1997) which shows the PROFINISH and device mark being used as part of the product range of GOC Ltd.

45 Mr Thomas states that the products of GOC Ltd are sold throughout the UK to a number of major customers. At exhibit MPT4 he provides a list of over 220 outlet addresses which he claims sell the products of GOC Ltd, including the PROFINISH range. He further claims that his company has established substantial goodwill in relation to the PROFINISH & device mark to the extent that

customers clearly identify the mark as being the property of GOC Ltd.

5 Mr Thomas asserts that Mr Findlay recognised and accepted that the business of PAD Ltd including the rights to the mark had been transferred to GOC Ltd. Apparently Mr Findlay indicated this to both senior managers of GOC Ltd and also customers of GOC Ltd in the course of internal meetings and sales presentations.

10 According to Mr Thomas, Mr Findlay was the sales manager of GOC Ltd responsible for the development of sales of products under the PROFINISH & Device mark. Evidence that Mr Findlay was employed by GOC Ltd is provided at exhibit MPT5. Copies of a P45 for Mr Findlay showing GOC Ltd as the employer are provided as is a letter from Mr Findlay to GOC Ltd arguing over the payment of telephone calls made “whilst I was under contract to Granville”. The telephone bill is for the period 15 September to 12 December 1996. As the result of poor sales under the two brands for which he was responsible Mr Findlay’s employment was terminated on 31 December 1996.

15 Finally, Mr Thomas alleges that when Mr Findlay submitted the application for the PROFINISH and device mark on 14 October 1996, he was still an employee of the company and responsible for the development of the brand. Mr Findlay was therefore in breach of his contract of employment and also acting in bad faith as he knew that the mark was the property of GOC Ltd.

20 The applicant did not file any evidence. As neither side has requested to be heard on the matter I will decide the matter from the pleadings and the evidence filed.

25 **DECISION**

Firstly, I consider the ground of opposition under Section 3(6) which is as follows:

30 *“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”*

35 In asserting that the application was made in bad faith the onus rests with the opponents to make a prima facie case. The opponents case would have been considerably stronger had they filed copies of documents relating to the agreement said to have been reached in June 1995. I assume that some form of written contract was entered into prior to debts of “in excess of £46,000 “ being paid. Although, I note the possibility of a verbal contract or assignment having been entered into, a ‘gentlemen’s agreement’.

40 However, they have stated that they had acquired the rights to the mark from the applicant, they have shown that they were indeed actively marketing the PROFINISH brand and also that the applicant was employed by them at the time that the application was filed . The applicant acknowledged in a letter, filed as evidence by the opponents, that he was “under contract” to the opponents at the date of submitting the application for registration. The applicant was employed as the sales manager for the PROFINISH brand and so would have been aware of the opponents use of the mark, and the substantial sales achieved. None of the evidence filed has not been refuted by the applicant. In these circumstances I am inclined to accept Mr Thomas’ evidence, and accept that the opponents have made a prima facie case of bad faith.

50 In Casson (1910 [27 RPC 65]) Eve.J held that the registration by the respondent of the trade mark “Azalea” in his own name was “*inconsistent with the good faith which ought to obtain between employee and employer.*” This view was upheld in Zoppas (1965 [RPC 381]). Although both cases

were decided under previous legislation I believe them still to be relevant. This contention is support by the views of Lindsay.J. in *Gromax Plasticulture Ltd v Don and Low Nonwovens Ltd* (12 June 1998 unreported) who said:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.”

In this case Mr Findlay was an employee of GOC Ltd at the time of submitting his application and was aware that GOC Ltd were using the trade mark he now sought to register . Further, the opponents purchase of the company, its trade mark and goodwill have all been asserted and not refuted . The opposition under Section 3(6) therefore succeeds.

Next, I consider the grounds of opposition under Section 5(4), which in so far as it is relevant to the pleadings is 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, or

(b).....

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England 4th Edition Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd - v - Borden Inc* [1990] RPC 341 and *Erven Warnik BV - v - J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of “passing off”, and in particular should not be used to exclude from the ambit of the tort recognised

forms of the action for passing off which were not under consideration on the facts before the House’.

5 *“Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of diction or confusion. In paragraph 184 it is noted (with footnotes omitted) that;”*

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

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

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

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

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

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

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

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

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

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

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

45 Utilising the same test and applying it to this case, one must bear in mind that the two marks are identical. It is acknowledged by the opponents that the mark in question was first used by the applicant when trading as PAD Ltd. In 1995 this company and its goodwill and rights to the mark were purchased by GOC Ltd. This contention has not been refuted by the applicant. Although it is not clear how long the PROFINISH and device mark had been used by PAD Ltd it is clear that since June 1995 it has been used by GOC Ltd.

50 At the relevant date, 14 October 1996, GOC Ltd had achieved substantial sales under the mark.

Given that the two marks and the products are identical, the public will naturally believe that the goods

offered by the applicant are goods of the opponents.

5 As Mr Findlay was the sales manager of the opponents until recently it is reasonable to expect even the
trade customers to be deceived into believing that the products he is now selling are those of the
opponents, whilst members of the public will be totally unaware of the personalities involved and see
only the same goods with identical trade marks.

10 For the reasons stated I have come to the view that the opponents GOC Ltd would have succeeded on
the evidence before me in a passing off action at the relevant date. The opposition under Section 5(4)
therefore succeeds.

The opposition having been successful the opponents are entitled to a contribution towards their costs.
I order the applicant, Mr Findlay, to pay the opponents, the sum of £535.

15 Dated this 5 day of February 1999.

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25 George W Salthouse
For the Registrar
The Comptroller General
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