

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2144561
BY RICHARD GATLEY
FOR THE REGISTRATION OF A
TRADE MARK IN CLASS 11**

AND

**OPPOSITION 49734 THERETO BY
R & D VENTILATION SYSTEMS LIMITED**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2144561
by Richard Gatley for the registration of a trade
mark in Class 11**

and

**IN THE MATTER OF Opposition thereto by
R & D Ventilation Systems Limited**

BACKGROUND

1. On 11 September 1997 Richard Gatley of Alfrick, Worcestershire, applied to register the trade mark shown below in respect of the following specification of goods in Class 11:

“Air pressure stabilisers, stairwell pressure relief vents, pressure monitoring equipment, air diffusers”.



2. The application was accepted and published for the purposes of opposition under the provisions of Section 38 of the Act.

3. On 7 May 1999, R & D Ventilation Systems Limited of Neath Abbey, Neath, filed a Notice of Opposition against the application for registration. The Grounds of Opposition are in summary:

- (i) under Sections 3(1)(b) and 3(1)(c) - that the trade mark in suit consists of a word and device which are devoid of any distinctive character for the goods covered by the application and both individually and in combination serve to indicate the kind of goods applied for;

- (ii) under Section 5(4)(a) - because of the use by the opponents of a similar unregistered trade mark which has acquired goodwill and reputation, the application for registration can be prevented by the common law tort of passing off;
- (iii) under Section 3(6) - because the application for registration was made in bad faith because the applicant is not the proprietor of the trade mark in suit. The applicant being aware at the time that the application was filed that the opponents' owned and used the unregistered trade mark referred to above;
- (iv) under Section 5(4)(b) - because the applicant is not the beneficial owner or licensed by the beneficial owner of the copyright extant in the trade mark the subject of the application.

4. The applicant filed a counterstatement in which he denies all of the grounds of opposition set out by the opponents. He also asserts that the opponents had not used the trade mark the subject of the application. He further asserts that the opponents' earlier filed application, which was subsequently refused registration, was itself filed in bad faith.

5. Both sides ask for the Registrar to award costs in their favour. Both sides filed evidence. Although neither side has asked for a hearing, the agents acting for the applicant filed written submissions. Acting on behalf of the Registrar and after a careful study of the papers, I give this decision.

OPPONENTS' EVIDENCE

6. This consists of a Statutory Declaration by Antony Xavier Gallafent dated 16 November 1999. Mr Gallafent is a registered trade mark attorney who has conduct of the opponents' business and the Declaration is made both from his own knowledge and by reference to the files of his employer.

7. Mr Gallafent states that the word AIRMASTER which appears in the trade mark in suit, is an elision of the words AIR and MASTER. The word MASTER is, he says, a word that is meaningful when applied to goods with a control function and adds that the goods control the flow of air or airborne material into or out of rooms etc. He provides exhibits at AXG1 to support this view. These materials were apparently filed on 9 April 1998 by the applicant in support of his application for registration. Thus, in Mr Gallafent's view, the word AIR is descriptive of the nature of the goods for which the application has been made.

8. Mr Gallafent goes on to say that the word element of the trade mark (the word AIRMASTER) falls within the category of those words which are objectionable prima facie under the provisions of Sections 3(1)(b) and 3(1)(c) of the Act and he exhibits as AXG3 a copy of page 54 of the addendum to Chapter 6 of the Trade Marks Registry's Work Manual in support of that opinion.

9. The graphical part of the trade mark is, in Mr Gallafent's view, a slightly stylised image of a side view of an air diffuser, an image which is common to at least the opponents and related

companies. He provides (at exhibit AXG4) as an example, the copy of an application for registration by Randall & Daniels Electrical Ltd, under No 2008945 in support. He believes therefore that prima facie the graphical part of the mark is devoid of distinctive character and is also objectionable prima facie under Section 3(1)(b) and Section 3(1)(c) of the Act. The combination of the graphical element and the word do not, in Mr Gallafent's view, produce a combination with any distinctive character. In that connection, he again refers to the earlier trade mark application No 2008945 for the (similar) trade mark shown below:



10. He exhibits copies of documents from the Trade Marks Registry's file on the case which shows that that application was the subject of objections by the Trade Mark Examiner and that the case subsequently went for a hearing and the Hearing Officer maintained the Examiner's prima facie objections. Mr Gallafent states that in discussion with members of the Trade Marks Registry he has been told that there has been no change of practice between the filing date of application No 2008945 which was refused acceptance and the filing date of the application in suit.

11. Insofar as the allegation of bad faith is concerned, Mr Gallafent states that a company called Flow Regulation Ltd was, prior to its liquidation, using the trade mark AIRMASTER and he exhibits at AXG5 a data sheet issued by that company (of which Mr Gatley was a Director) which shows use of the word AIRMASTER as what would appear to be a trade mark.

12. Also exhibited as AXG6 are copies of company data supplied by First Report Limited for Flow Regulation Ltd and Temework Ltd which shows that both of these companies were the subject of winding up resolutions on 2 September 1997. Mr Gallafent goes on to say that the application in suit was filed by Mr Gatley on 11 September 1997, when Mr Gatley must have been aware that whatever, if any, rights that existed in the trade mark AIRMASTER were owned by either Flow Regulation Ltd and/or Temework Ltd and were not his to appropriate. Furthermore, Mr Gatley must also have been aware that because a winding up resolution was then in place he was not in a position to dispose of (even by transfer to himself) any of the assets of either Flow Regulation Ltd or Temework Ltd. On that basis, Mr Gallafent believes that the application for registration was filed in bad faith.

13. Mr Gallafent goes on to exhibit at AXG7 copies of assignment agreements (dated 11 December 1997) between the Liquidator for Flow Regulation Ltd and Temework Ltd in respect of the transfer to the opponents of Intellectual Property Rights including patent, trade marks and copyright all associated with the “air pressure stabiliser” that was the subject of United Kingdom patent application No 9701396.5. Thus, in his view, the assignment served to transfer whatever rights either Flow Regulation Ltd and/or Temework Ltd possessed in the trade mark AIRMASTER to the opponents.

APPLICANT’S EVIDENCE

14. This consists of a Statutory Declaration by Mr Richard Gatley dated 4 April 2000. He declares that he is a Director of Apreco Ltd. He states that he is the proprietor of the trade mark the subject of the application for registration in these proceedings and that he has authorised his company to use this trade mark.

15. Mr Gatley says that his company commenced trading on 22 August 1997 and it has become well known in the United Kingdom for the sale of air pressure stabilisers, stairwell pressure relief vents and pressure monitoring equipment and that it has acquired a substantial reputation in these goods. He adds that the trade mark has been used continuously since August 1997.

16. Mr Gatley then goes on to explain the history of the trade mark, based either on his own knowledge or from information provided by Roy Blackwell who was an employee of Fairitt Engineering Ltd before that company went into liquidation in about 1979.

17. The trade mark AIRMASTER was originally created and used by Fairitt. On its liquidation Mr Blackwell acquired some of the assets of Fairitt but these did not include the trade mark. Mr Gatley comments that although Mr Blackwell believes that Fairitt had once registered the trade mark his Trade Mark Agent had been unable to locate any reference to it.

18. Mr Blackwell it seems supplied through his company Highcarve Limited, equipment made to the same designs utilised by Fairitt and based upon the assets he had acquired from the Liquidator. Mr Blackwell it seems also commenced using the name AIRMASTER knowing that Fairitt would not be using it. He subsequently formed a company called Flow Regulation Ltd which continued the business and commenced use of the trade mark. At RG1 Mr Gatley exhibits documents which include a Fairitt drawing dated 14 March 1977, leaflets dated October 1975 and data sheets produced by Flow Regulation Ltd, all of which show use of the trade mark AIRMASTER.

19. Mr Blackwell sold his shares in the company Flow Regulation Ltd to Mr Gatley and a co-shareholder Ian Fox in January 1995, trading as Temework Ltd. Flow Regulation Ltd continued to trade in the same goods until it went into liquidation in September 1997.

20. Mr Gatley goes on to state that he has been advised by his Trade Mark Agent, that a search of the trade mark database has not revealed any reference to the original registration of the trade mark AIRMASTER and that neither Highcarve Ltd nor Flow Regulation Limited obtained a registration. As there was no official registration of the trade mark he states that

there were no existing trade mark rights. But he was unaware at the time of filing the application for registration in suit, of the concept of common law rights accrued through use of an unregistered trade mark. He did not he says, file the application in bad faith.

21. Nevertheless, he admits that the trade mark has been used on the product produced as a result of the patent (I assume the patent referred to in the opponents' evidence). However, he goes on to say that the trade mark was and always has been used on a wide variety of goods produced by all the companies named and refers again to exhibit RG1.

22. Mr Gatley contends that the trade mark could not be associated with the patent for the purposes of the assignment agreement and in any event he has been advised that Section 24(6) of the Trade Marks Act 1994 states that nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered trade mark as part of the goodwill of the business. The assignment he says makes no mention of the goodwill and the business of Temework Ltd being the proprietor of the patent transferred. His Trade Mark Agent therefore informs him that an unregistered trade mark cannot be assigned without the goodwill in the business. Nevertheless, even if goodwill did exist, the goodwill in the trade mark accrued to Flow Regulation Ltd who actually used the trade mark rather than to Temework Ltd, its parent company. The second assignment executed by Flow Regulation Ltd only refers to the rights in the patent. No mention is made of any associated Intellectual Property.

23. Mr Gatley goes on to consider the matter of the registrability or otherwise of the word AIRMASTER. He contends that it is not descriptive of the nature of the goods covered by the application and he produces extracts from the register which show that similar trade marks have been accepted for registration.

OPPONENTS' EVIDENCE IN REPLY

24. This consists of a further Statutory Declaration dated 18 July 2000 by the same Antony Gallafent mentioned above. Mr Gallafent's declaration is, in essence, a critique of Mr Gatley's evidence. I do not propose to summarise it here, but will of course bear its contents in mind when reaching my decision.

DECISION

25. In my view no evidence has been provided to support the grounds of opposition under Sections 5(4)(a) and 5(4)(b) of the Act. As such, they are dismissed.

26. That leaves the objections under Sections 3(1)(b) and (c) and Section 3(6) of the Act. I will deal with the objections under Sections 3(1)(b) and (c) of the Act first.

The relevant paragraphs of Section 3(1) of the Act are as follows:

- “3. The following shall not be registered-
- (a)

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d).....

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above, if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

27. Clearly the mark consists of two distinct elements. The words AIR and MASTER conjoined together with what Mr Gallafent describes as a slightly stylised image of a side view of an air diffuser. Although it is well settled that it is the registrability of the elements **in combination** that I must determine, for the purposes of this decision, I will consider each element separately. I begin by dealing with the word element of the mark. Over the years the Registrar has been faced with many applications which incorporate the word MASTER either alone, or as an element of a mark for which registration is sought. As a result the Registrar has formulated a practice to assist Examiners dealing with such applications. Although the practice has been modified from time to time, the current practice (which is included in the October 1999 edition of the addendum to Chapter 6 of the Trade Marks Registry Work Manual and which is reproduced below), is for the most part consistent with the practice that would have been applied when the application in suit was examined. The practice is as follows:

28. “ # **MASTER**

In view of a decision made by Robin Jacob QC (as he then was) sitting as The Secretary of State’s Tribunal in the case of THE MASTER for Class 33 goods, the practice relating to MASTER marks was reviewed.

MASTER has, in the past, been recognised as having a laudatory meaning and the BUSMASTER case (1953 RPC 141) and the EARTHMASTER case (1956 RPC 73) outlined the practice to be adopted. Since these cases were reported use of the word MASTER in a non-trade mark sense, i.e. to suggest goods of a superior nature, has become less popular. Dictionary references to MASTER now concentrate on the significance when used in relation to people i.e. (according to Collins Dictionary) "a person with exceptional skill at a certain thing", for example, MASTER BUILDER, MASTER CRAFTSMAN, MASTER CROOK.

MASTER is consequently much more likely to be meaningful in relation to services than to goods.

An alternative meaning given for MASTER is "a machine or device that operates to

control a similar one" (Collins Dictionary). MASTER may therefore be a term that is used in trade to describe goods with a control function, for example MASTER CONTROL.

In summary the practice to be adopted under the 1994 Act is:

(a) MASTER alone: goods and services:

Acceptable prima facie, when applied to goods such as whisky (THE MASTER Application No. 1337634 refers) or services provided by "professional" people such as solicitors, accountants etc.

Consider objecting under Section 3(1)(b) and (c) for goods with a control function or for services provided by artisans.

(b) MASTER combined with words descriptive of the goods, when applied to goods with a control function:

Object under Section 3(1)(b) and (c) prima facie, for example, MASTERSWITCH for electric switches.

(c) MASTER combined with words descriptive of the goods, when applied to goods which are not primarily control apparatus:

Accept prima facie, for example, MASTERBUS or BUSMASTER applied to buses.

(d) MASTER combined with words to form a less meaningful description of the goods:

Accept if no sensible objection can be raised, for example, SWINGMASTER for golf clubs, SHIFTMASTER for excavating machines, SLEEPMASTER for beds, MASTERGUARD for cleaning preparations, MASTERPLAN for cosmetics, MASTERFLOW for concrete mixes, MASTERFOLD for paper napkins and MASTERFLAME for heating and cooking apparatus.

(e) MASTER *preceding* words descriptive of a nature of goods or services provided by artisans:

Object under Section 3(1)(b) and (c) prima facie, for example, MASTER REPAIRERS shoe repairs, MASTER CLEANERS for cleaning and MASTER PRINTERS for printing, MASTER BAKERS for foodstuffs.

(f) MASTER combined with words less descriptive of a nature or a service provided by artisans or *following* descriptive words :

Accept prima facie, for example, MASTERPOINT for building services,

MASTERHEAT for plumbing services and OFFICEMASTER for cleaning services. BAKEMASTER or PRINT MASTER would also be acceptable.

(g) MASTER combined with words less descriptive of a nature of a service by "professionals"

Accept prima facie, for example, MASTERCOURT for law practices, MONEYMASTER for accountants and CROWNMASTER for dentists.

Consideration of evidence of use

Evidence of factual distinctiveness through use will assist to obtain registration in most cases but care must be taken to detect unregistrable combinations such as MASTER BUILDERS, MASTER BAKERS or MASTER CRAFTSMEN in respect of relevant goods and services, in such cases object under Section 3(1)(b) and (c)"

29. As the applicant makes no claim to distinctiveness acquired through use, I have only the prima facie case to consider. In evidence, both the opponents and the applicant have provided copies of the Registrar's practice in relation to marks incorporating the word MASTER. Having then applied the practice to the word mark AIRMASTER (not surprisingly) both parties have come to different conclusions. The opponents for their part say the mark falls to be considered under paragraph (b) of the Practice, (making it objectionable prima facie), whereas the applicant says that it should be considered under paragraph (d) of the Practice (making it acceptable prima facie).

30. I note that what appears to be the opponents in these proceedings (albeit with a different name) applied on 27 January 1995 to register under No: 2008945 a mark substantially similar to the application in suit, for essentially identical goods. Given that the opponents had that application rejected by the Registrar, it is I think incumbent upon me to explain in some detail my reasoning under Sections 3(1)(b) and (c) of the Act. However I note that the opponents (acting as applicants' for registration in respect of application No: 2008945) did not ask for written grounds of decision following the ex-parte hearing held in July 1995 in which the Examiners's prima facie objections were maintained.

31. The goods for which registration is currently sought are: "air pressure stabilisers, stairwell pressure relief vents, pressure monitoring equipment, air diffusers". In my view, the words AIR and MASTER are so well known as to require no further explanation. I do of course note from the Practice reproduced above, that the word MASTER can also mean "a machine or device that operates to control a similar one". Whilst I accept that the word AIR is meaningful in the context of the goods for which registration is sought, taking the best view that I can of the matter, in my view when the word AIR is combined with the word MASTER it forms a less meaningful description of the goods at issue and as such falls within the Practice at paragraph (d) above and is therefore acceptable in the prima facie. My decision in this regard effectively decides the grounds of opposition under Sections 3(1)(b) and (c) of the Act

32. However in case I am found to be wrong in my analysis of the word element of the mark, I now go on to consider the registrability of the device element and indeed the combination of

the word and device. The opponents say that the device element present in the mark is a slightly stylised image of a side view of an air diffuser and add that the use of a stylised image of an air diffuser is common to at least the opponents and related companies. In support of this contention the opponents rely principally on the earlier application filed by their related company and identified above (exhibit AXG-4). This evidence is in my view insufficient to discharge the onus upon them. Even if the device element is, as Mr Gallafent suggests, a stylised image of the goods, (and I have no evidence to that effect), I have no information as to how stylised the image is. Mr Gallafent suggests “slightly” but once again there is no evidence. In the circumstances and with no evidence to the contrary, I must assume that the device element present in the mark is a distinctive element in its own right. In the circumstances, the device element alone would in my view be sufficient to justify acceptance of the mark in the prima facie, irrespective of any conclusion I may have reached in respect of the word element of the mark.

33. Finally I turn to consider the totality of the mark which is of course in practice the only test I am required to apply. In my view the combination of the words AIR and MASTER conjoined together with the device element present in the mark are sufficient to create a distinctive totality which would justify acceptance in the prima facie. Consequently and as indicated above, the objections under Sections 3(1)(b) and (c) of the Act are dismissed.

34. The only remaining objection is under Section 3(6) of the Act.

Section 3(6) states:

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

35. In order to better understand the opponents case under Section 3(6), it is, I think, necessary to briefly outline the chronology of the use of the mark AIRMASTER. The evidence in this regard (mentioned earlier in this decision) is provided in the declaration of Mr Gatley who explains that the information comes from either his own personal knowledge or from information provided to him by Mr Blackwell who was an employee of Fairitt Engineering Limited before they went into liquidation. From Mr Gatley’s declaration the following points emerge:

- the mark AIRMASTER was originally created and used by Fairitt Engineering Limited (no dates provided)
- Fairitt Engineering Limited went into voluntary liquidation in about 1979
- Mr Blackwell acquired some of the assets of Fairitt Engineering Limited comprising principally tooling, designs and printed matter (no dates provided)
- Mr Blackwell supplied through his company Highcarve Limited various items and equipment made to the same designs as utilised by Fairitt Engineering Limited, he also commenced use of the AIRMASTER name (no dates provided)

- Mr Blackwell formed a second company Flow Regulation Limited (no dates provided) which continued the same business and commenced use of the mark (no dates provided)
- Highcarve limited was dissolved in 1989
- Mr Blackwell sold his shares in Flow Regulation Limited to Mr Gatley and his co-share holder Ian F Fox (trading as Temework Limited) in January 1995
- Flow Regulation Limited continued to trade in the same goods until it went into liquidation in September 1997
- the application for registration was filed by Mr Gatley (in his own name) on 11 September 1997.

36. With this background established, the opponents contend as follows:

- that Flow Regulation Limited was, prior to its liquidation using the trade mark AIRMASTER (this is not disputed)
- as a Director of Flow Regulation Limited Mr Gatley must have been aware of this use
- Flow Regulation Limited and Temework Limited were both the subject of winding up resolutions on 2 September 1997 (exhibit AXG6 refers)
- at the time of filing of the application in suit on 11 September 1997 Mr Gatley must have been aware that any rights that existed in the trade mark AIRMASTER were owned by either Flow Regulation Ltd and/or Temework Ltd and were not his to appropriate. Furthermore, Mr Gatley must also have been aware that because a winding up resolution was then in place he was not in a position to dispose of (even by transfer to himself) any of the assets of either Flow Regulation Ltd or Temework Ltd
- exhibit AXG7 consists of copies of assignment agreements (dated 11 December 1997) between the Liquidator for Flow Regulation Ltd and Temework Ltd in respect of the transfer to the opponents of Intellectual Property Rights including patent, trade marks and copyright all associated with the air pressure stabiliser that was the subject of United Kingdom patent application No 9701396.5

in Mr Gallafent's view, these assignment served to transfer whatever rights either Flow Regulation Ltd and/or Temework Ltd possessed in the trade mark AIRMASTER to the opponents.

37. As mentioned above Mr Gatley contends that the trade mark could not be associated with the patent for the purposes of the assignment agreement and in any event he comments that he has been advised that Section 24(6) of the Trade Marks Act 1994 states that nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered

trade mark as part of the goodwill of the business. The assignment he says makes no mention of the goodwill and the business of Temework Ltd being the proprietor of the patent transferred. His Trade Mark Agent therefore informs him that an unregistered trade mark cannot be assigned without the goodwill in the business. Nevertheless, even if goodwill did exist the goodwill in the trade mark accrued to Flow Regulation Ltd who actually used the trade mark rather than to Temework Ltd, its parent company. The second assignment executed by Flow Regulation Ltd only refers to the rights in the patent. No mention is made of any associated Intellectual Property.

38. Given this background, which facts are proven beyond dispute? In my view these are as follows:

(a) That the mark AIRMASTER was associated with Fairitt Engineering Limited as early as 14 March 1977 (exhibit RG1).

(b) That the mark AIRMASTER was used by Flow Regulation Limited (exhibit RG1).

(c) That Flow Regulation Limited and Temework Limited were both the subject of winding-up resolutions on 2 September 1997 (exhibit AXG6).

(d) That on 11 September 1997 Mr Gatley applied to register in his own name the mark the subject of these proceedings.

(e) That on 11 December 1997 (exhibit AXG7) the Liquidator acting on behalf of Temework Limited (the Assignor) assigned to R&D ventilation Systems Limited (the Assignee) rights in the following terms:

“WHEREAS Assignor is the proprietor of British patent application number 9701396.5, filed 23rd January 1997 and entitled “Air Pressure Stabiliser” (hereinafter referred to as “said patent application”)

AND WHEREAS Assignor has agreed with Assignee to assign and transfer unto Assignee all the right title and interest of Assignor in and to said application and the invention described therein

NOW THIS AGREEMENT WITNESSETH that in pursuance of the preceding clause and in consideration of the sum of Five Thousand Pounds (£5000) the receipt of which is hereby acknowledged by Assignor, Assignor agrees to assign and transfer unto Assignee its successors and assigns all the right title and interest of Assignor in and to said patent application including the right to claim priority therefrom in any country throughout the world together with all rights in the invention described therein and any associated Intellectual property including design right, copyright and trade marks”.

(f) That on 11 December 1997 (exhibit AXG7 refers) the Liquidator acting on behalf of Flow Regulation Limited (the Assignor) assigned to R&D ventilation Systems Limited (the Assignee) rights in the following terms:

“WHEREAS Assignor has certain rights (hereinafter referred to as “said rights”) in the subject matter of British Patent application number 9701396.5, filed 23rd January 1997 and entitled “ Air Pressure Stabiliser” (hereinafter referred to as “said patent application) which is in the name of Assignor’s related company Temework Limited, also in liquidation

AND WHEREAS Assignor has agreed with Assignee to assign and transfer unto Assignee all said rights of Assignor

NOW THIS AGREEMENT WITNESSETH that in pursuance of the preceding clause and in consideration of the sum of One Pound (£1) the receipt of which is hereby acknowledged by Assignor, Assignor agrees to assign and transfer unto Assignee its successors and assigns all said rights

TOGETHER WITH all rights of action powers and benefits to the same belonging or accrued **TO HOLD** the same unto Assignee absolutely”.

39. Mr Gatley refers to Section 24(6) of the Act. Section 24 of the Act reads as follows:

“24. - (1) A registered trade mark is transmissible by assignment, testamentary disposition or operation of law in the same way as other personal or moveable property.

It is so transmissible either in connection with the goodwill of a business or independently.

(2) An assignment or other transmission of a registered trade mark may be partial, that is, limited so as to apply-

(a) in relation to some but not all of the goods or services for which the trade mark is registered, or

(b) in relation to use of the trade mark in a particular manner or a particular locality.

(3) An assignment of a registered trade mark, or an assent relating to a registered trade mark, is not effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative.

Except in Scotland, this requirement may be satisfied in a case where the assignor or personal representative is a body corporate by the affixing of its seal.

(4) The above provisions apply to assignment by way of security as in relation to any other assignment.

(5) A registered trade mark may be the subject of a charge (in Scotland, security) in

the same way as other personal or moveable property.

(6) Nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered trade mark as part of the goodwill of a business”.

40. In asserting that the application was made in bad faith, the onus rests with the opponents to make a prima facie case. A claim that an application was made in bad faith implies some deliberate action by the applicant which a reasonable person would consider to be unacceptable, or as put by Lindsay J in the GROMAX trade mark case [1999] RPC 10:

“includes some dealings which fall short of the standards of acceptable commercial behaviour”.

41. In order to arrive at a conclusion under this head, I need to answer the following question:

Was the applicant precluded from applying for the mark in his own name at the date of application?

42. In my view the answer to this question must be yes. As both Temework Limited and Flow Regulation Limited were the subject of winding-up resolutions when the application in suit was filed by Mr Gatley, both companies would at that time I presume have been in the hands of the Liquidator who would have been attempting to dispose of the companies and/or their various assets. I am supported in this view by the fact that some three months following the winding-up resolution, it was the Liquidator acting on behalf of Temework Limited and Flow Regulation Limited who sold the rights to the patent application mentioned above. I do not wish to suggest that Mr Gatley acted dishonestly in applying for the application in his own name, as it is clear that at the time of filing the application he was unaware of the concept of the rights which accrue to an unregistered trade mark (see paragraph 20 above). It is also clear from the decision of Mr Geoffrey Hobbs QC sitting as the Appointed Person in the DEMON ALE trade mark case [2000] RPC 345, that Section 3(6) does not require an applicant to submit to an open-ended assessment of their commercial morality. That said, Mr Hobbs goes on to say (by reference to observations of Lord Nicholls in Royal Brunei Airlines Sdn Bhd v, Philip Tan [1995] 2 A.C. 378 (PC)) that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

43. In the circumstances of this case, I do not think for the reasons indicated above, that Mr Gatley had, at the date of application, the necessary authority to seek to register the application in suit in his own name. That being the case, the opposition under Section 3(6) of the Act succeeds. Strictly speaking that is the end of the matter as the outcome of the opposition has been determined.

44. However if Mr Gatley does not have the right to the mark, who does? The opponents’ suggest that the rights to the mark passed to them by virtue of the assignments mentioned earlier in this decision. Is this the case?

45. In my view it is not. Clearly there is a reference in the assignment between Temework Limited and the opponents to “and any associated intellectual property including design right, copyright and trade marks”. What this phrase was intended to cover is not clear. Without a clear and unambiguous reference, assignment of the mark in suit cannot be simply inferred. In addition we have Mr Gatley’s comments which suggest that an unregistered trade mark can not be assigned without the goodwill of the business. Kerly’s Law of Trade Marks and Trade Names (13th Edition) comments on the issue of the assignment of unregistered trade marks at paragraphs 12-54 to 12-58. Paragraph 12-56 comments in the following terms:

“Conversely, it was held that the sale and transfer of the goodwill of a business assigned the trade marks used in the business to the purchaser and transferee by implication, and without any express grant being needed. This is still the law. The question of interpretation, to be gathered from the assignment as a whole, whether the trade marks do or do not pass, and an intention not to assign them may appear, notwithstanding the use of the word “goodwill” in the assignment. A difficult question of fact may arise, whether in particular circumstances a person has purchased the right to represent that he is the successor in business of another”.

46. The fact that there is no specific mention in the assignment agreements to either the mark the subject of the application or to the goodwill in the businesses, leads me to conclude that the opponents did not acquire the rights to the mark in suit by virtue of either of the assignment agreements. Indeed the goodwill of either or both of the businesses may have been sold by the Liquidator to a third party. One simply doesn’t know.

47. As a result of my decision under Section 3(6) of the Act, the opposition has succeeded. As the opponents have been successful, they are entitled to a contribution towards their costs. I direct that the applicant pay the opponents the sum of £635. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 03 day of May 2001

**C J BOWEN
For the Registrar
the Comptroller-General**