

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2145888
IN THE NAME OF NELSON JAMES KRUSCHANDL**

AND

**IN THE MATTER OF OPPOSITION No 50452
THERE TO BY BLUEBIRD ELECTRIC LIMITED**

TRADE MARKS ACT 1994

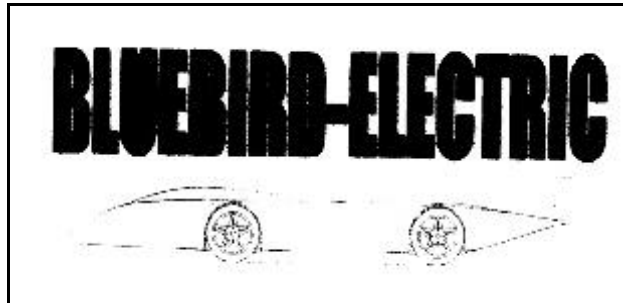
**IN THE MATTER OF Application No 2145888
in the name of Nelson James Kruschandl**

And

**IN THE MATTER OF Opposition No 50452
thereto by Bluebird Electric Limited**

BACKGROUND

1. On 16 September 1997 Mr Nelson James Kruschandl applied to register the trade mark shown below



2. Following examination the application was accepted and published for the following specification of goods:

Class 12

Cars, buses and vans; all being electrically powered.

Class 16

Pens, posters, books, stationery and printed matter.

Class 25

Shoes; headgear.

3. On 29 November 1999, Marks & Clerk, on behalf of Bluebird Electric Limited filed a Notice of Opposition. The Grounds of Opposition, insofar as they were pursued before me, were as follows:

- (i) **under Section 3(6)** - because the application for registration was made in bad faith, as Mr Kruschandl could not claim to be the owner of the trade mark in suit.

- (ii) **under Section 5(4)(a)** - because the opponents have earlier rights in a similar sign and that use by the applicant of the trade mark, in connection with speed record attempts, would amount to passing off.

4. Both sides filed evidence in this dispute and the matter came to be heard on 18 February 2002. The applicant for registration was represented by Mr R.D.C. de Rivaz. The opponents were represented by Mr Daniel Alexander of Counsel, instructed by Marks & Clerk, their Trade Marks Attorneys.

The Evidence

5. As already stated, both sides filed evidence in this dispute. The applicants for registration's evidence consists of a Statutory Declaration by Mr Richard Derek Chevalley de Rivaz, dated 18 August 2000. Mr de Rivaz is the joint Managing Director of Bluebird Electric Systems Ltd to whom, I understand, the trade mark in question here has now been assigned. The opponents' evidence consists of Statutory Declarations by Mr Donald Charles Wales, Director of Bluebird Electric Limited and dated 12 April 2000 and 1 August 2000. There is also a Witness Statement made by Mr Donald Joseph Sidebottom and dated 6 August 2001 on behalf of the opponents. The evidence provides background information on the use by the Campbell family (to which Mr Wales is directly related) in connection with land and water speed records over the years. It also provides a lot of information in relation to the relationship between the applicant and the opponents, and in particular, with Mr Wales. It also deals with other proceedings which have taken place in the Patent County Court between the parties.

6. I do not intend to summarise all of the evidence. From my reading of it, Mr Wales is the grandson of Sir Malcolm Campbell and the nephew of Donald Campbell, both of whom were involved in land and water speed record attempts. The word BLUEBIRD was the name given to all of the vehicles and boats which were the subject of the speed records, and the attempts to secure speed records.

7. In 1991 Mr Wales met Mr Kruschandl who had developed a method of refuelling an electric car and was keen to employ the invention in relation to a land speed record attempt using an electric vehicle. Following discussions between the two it was agreed that Mr Kruschandl would design a vehicle incorporating the refuelling system, that Mr Wales would pilot the vehicle and that the term BLUEBIRD would be used as the vehicle's name in order to attract sponsorship and media interest. Subsequently, the opponent company, Bluebird Electric Limited, was incorporated as a private limited company, Mr Kruschandl having 49 percent of the shares and Mr Wales had 51 percent. Mr Kruschandl did not become a Director of the company but accepted a contract for services under the title of Project Leader. In 1996 Mr Wales and Mr Kruschandl entered into an agreement under which Mr Kruschandl licensed Bluebird Electric Limited to use his refuelling system for land speed record attempts, and the design rights attaching to Bluebird Electric, the vehicle which was to be the subject of the record attempt. That agreement specifically stated that the trade

mark 'bird in flight and legend Bluebird Electric' was to be the property of Bluebird Electric Limited. An application for registration was made to the Trade Marks Registry for the term 'Bluebird Electric' in the opponents' name. Mr Kruschandl attended to the filing of this application which was made on 1 May 1996 and was given the application No 2070165.

8. Bluebird Electric Limited subsequently sought sponsors and media interest in the project.

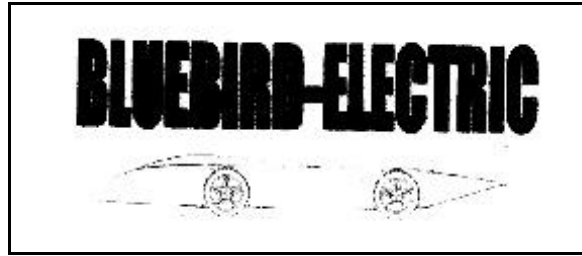
9. In the first half of 1997 the relationship between Mr Wales and Mr Kruschandl began to deteriorate. Mr Wales indicates that this was primarily due to a disagreement regarding reimbursement of Mr Kruschandl's expenditure on the project. Mr Kruschandl for his part states that the principle reason for relations souring was the fact that Mr Wales altered the design of the vehicle such that it would be impossible to reach the intended speeds. Thus the integrity of the vehicle could be compromised. In June 1997 the relationship between the two came to an end and Mr Kruschandl left the company. In September that year Mr Kruschandl wrote to Mr Wales about the application for registration of the trade mark which had been made in 1996. Subsequently, Mr Kruschandl withdraw that application for registration and applied for the mark in issue here. The applicant states that there was no response to the letter sent and that, therefore, the opponents, and Mr Wales, had given up any rights to that application. The opponents on the other hand state that as Mr Kruschandl had left the company the withdrawal of the application was without authorisation from the applicants. Mr Kruschandl subsequently applied for the trade mark in suit here. Bluebird Electric have opposed. That is a summary of the evidence insofar as I consider it relevant.

DECISION

10. I deal first with the Grounds of Objection based on Section 3(6) which states:

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

11. The opponents state that it is plainly bad faith for a person to try to supplant a person who is clearly, and who is recognised to be, the originator and proprietor of the trade mark. The applicants for registration state that the application made by the opponents was for a different trade mark to that which is the subject of these proceedings. Also, the earlier application was not likely to proceed I understand, because it encountered difficulties over some earlier rights for which the consent of the proprietor was necessary. Also, the opponents had not indicated, in response to Mr Kruschandl's letter of 5 September that they continue to be interested in the trade mark. Thus, they deny the allegation of bad faith. For the record I set out the two trade marks in question:



* No. 2070165 also includes the words BLUEBIRD ELECTRIC in the panel at the base of the trade mark.

12. Authorities brought to my attention were *Demon Ale* [2000] RPC 345, *Gromax v Don & Lowe* [1999] RPC 367, *Team Lotus* [1999] ETMR 669 and *Black Mix* BL/048/00. In particular I consider the views of Lindsay J in *Gromax* particularly relevant here, where he 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. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short as to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances."

13. In this case, it seems to me that the licence the parties entered into in relation to the Intellectual Property to be used by the venture is particularly important. It is therefore Annexed to this decision. From that document it is clear that the opponent, Bluebird Electric Limited, was to be the proprietor of the trade mark to be used in connection with the commercial activities surrounding the land speed record. Any application for registration made therefore by a party to the venture must have been on behalf of the opponents. In the event, Mr Kruschandl, presumably as Project Manager, applied for trade mark No 2070165 and filed on 1 May 1996. I should also mention that in correspondence between the parties in dispute, Mr Kruschandl stated in a letter to Bluebird Electric Limited dated 16 June 1997,

following his departure from the company, "that he intended to continue with an electric land speed record attempt (obviously, without the name 'Bluebird')".

14. In my view, Mr Kruschandl's actions in withdrawing the earlier application for registration, without the authorisation of the company whose application it was and whose employ he had left, is open to question. But was his action in applying for registration of his Bluebird trade mark such that the application could be determined as having been made in bad faith? I consider that the answer must be in the affirmative.

15. An application for registration of a trade mark is an object of property (see Section 27 of the Act). In this case that object was the property of the opponents. When that application for registration was withdrawn the property ceased to exist.

16. When the withdrawal was effected Mr Kruschandl's role in the affairs of the opponents had come to an end; he had resigned or left the opponents' employ. He therefore had no authority from them to withdraw the earlier application for registration (whether or not he was clearing the way for his own application for registration to proceed) and thus dissipate their property right. In taking that action he may well have thought, by the absence of any response to his letter of 5 September to the opponents in which he threatened to withdraw the application unless they responded to him, that they were no longer interested in the application. However, as I have already indicated, he had no authority to proceed as he did in the first place. In all of the circumstances, therefore, I believe that his actions fell well short of the standard expected in commerce. Thus I find positively for the opponents under this head.

17. Submissions were made by the applicant to the effect that with his departure from Bluebird Electric Limited the licence also ceased to exist and therefore the trade mark was no longer the subject of any agreement. Also, that the applicant through his involvement in the project had some rights in it. But in my view neither have substance. The trade mark and associated application for registration was recognised as the property of Bluebird Electric Ltd - in the licence and on the application. Nothing has been put in evidence before me to suggest that any rights in it were transferred to either Mr Wales or Mr Kruschandl or that there was any set of circumstances in which it might be so transferred. Thus, Mr Kruschandl never had the authority or status to undertake the action he did in withdrawing the application for registration.

18. It was also put to me that the opponents are no longer trading and have therefore no longer the status to pursue the opposition. As far as I am aware, the opponent limited company exists as a legal person and the opposition was and remains valid.

19. I should also add that the fact that the respective trade marks do differ one from another when compared side by side, has not weighed heavily in relation to this ground. That effectively decides the issue but I will deal, briefly, with the Ground of Objection based upon Section 5(4)(a) of the Act. This states:

"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)"

20. Mr Geoffrey Hobbs QC set out the basis an action for passing off in *Wild Child Trade Mark* (1998) RPC 455:

"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 Warnink BV v J Townend & Sons (Hull) Ltd* [1979] ACT 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:

- i. that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- ii. that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- iii. 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 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."

21. The opponents submit that the respective trade marks are sufficiently similar to each other, such that substantial confusion at the date of application for the trade mark and afterwards would be caused if the applicant's trade mark was used for the goods applied for. This is because it was highly likely that people would be confused into believing that they were sponsoring or buying goods connected with the original Bluebird Electric venture. The applicant claims to be entitled to use the trade mark because of his involvement in the earlier venture.

22. Though the two marks do differ one from another when compared side by side, I consider that the Bluebird element is the predominant one. It is therefore, likely that the two trade marks would be confused one with another, if and when used on promotional material associated with an attempt on the land speed record using an electric vehicle. However,

before going any further I must determine whether the opponents have established that they have a reputation such that any use by the applicant could be prevented using the common law tort of passing off. In that connection I draw upon the views of Mr Justice Pumfrey in *South Cone Inc v Jack Bessant & others (T/A Reef)* [2002] RPC 19 where he said:

"..... As Mr Hobbs QC said in *WILD CHILD Trade Mark* [1998] RPC 455 the registrar is often required to act upon evidence that might be regarded as less than perfect when judged by the standards applied in High Court proceedings. The second question follows: how cogent must the evidence be upon which the registrar should act in upholding an opposition on this ground?

27 There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co Ltd's Application (OVAX)* (1946) 63 RPC 97 as qualified by *BALI Trade Mark* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28 Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."

23. In my view, though there is a lot of information, assertions and exhibits as to what the opponents were doing in terms of seeking sponsorship and publicising the original project, I am not convinced that they have established, before me, a reputation or goodwill such that I can go on and consider the other aspects of a passing off case.

24. Though it is clear that the opponents went out and sought sponsorship and succeeded in generating contributions, the mere fact that people were approached, which is a significant part of their evidence, does not suggest to me that the amount of sponsorship was so great and so large that I can infer the necessary reputation or goodwill in their sign, such that use by the applicant of his sign on the goods for which registration is sought would amount to passing off. In those circumstances I decline to go any further in the consideration of their allegation that use by the applicant of his trade mark would amount to passing off. This Ground of Objection to the application for registration, therefore, fails.

25. The opponents have succeeded in their opposition and are entitled to an award of costs. I order the applicant to pay to the opponents the sum of £500. This sum is 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 15TH day of August 2002

**M KNIGHT
For the Registrar
the Comptroller-General**

Annex in paper copy