

TRADE MARKS ACT 1994

**IN THE MATTER of Trade Mark Registration No 1585175
by Linseal International Ltd**

and

**IN THE MATTER of an application for invalidity No 10220
by Trevor John Evans**

Background

1. On 15 September 1994, Linseal International Limited applied under the Trade Marks Act 1938 to register the trade mark shown below for a specification of goods which reads:

Class 1

Chemical preparations for use in the manufacture, treatment and repair of tyres; sealants; preparations for repair of tyres and for preventing punctures in tyres; all included in Class 1.



2. After the revocation of a conflicting prior right, number 1316398, the application was accepted, published and proceeded to registration. On 14 July 1998, Trevor John Evans filed an application on Form TM26 together with the appropriate fee. At the time this application was filed, Form TM26 covered applications for revocation, invalidity and rectification. In this case, the relevant box on the Form, box 3, indicated that the application related to both revocation and invalidity. In addition, the applicant wrote “Revocation and invalidity” in the box provided. The statement of case accompanying the application makes the following claims:

- (a) that the applicant is the owner of the copyright in the OKO logo and mark having been designed for use in his business since 1984;
- (b) that the applicant has used the design to distinguish his goods and his OKO businesses since the commencement of use in 1985; and
- (c) that the applicant through OKO Holdings Limited and OKO International Limited SA was the proprietor of trade mark 1316398 which was identical or similar to the mark in suit and was revoked by order of the registrar on the grounds that use of the trade mark would mislead the public.

3. On the basis of these claims, the applicant sought the following relief. Quoting from paragraph 2 of the statement of grounds, it reads:

“2. The trademark 1585175 is INVALID because:

- (a) it is similar or identical with an earlier trademark No. 1316398 and community marks of Denmark, France, Germany, Italy, Portugal and has been registered for goods and services similar or identical to that earlier trademark.
- (b) use of the trademark by the proprietor constitutes the tort of passing off;
- (c) use of the trademark by the proprietor constitutes a breach of copyright;
- (d) use of the trademark by the proprietor or with its consent in relation to the goods is liable to mislead the public;”

4. It should be noted that this paragraph states that the trade mark is INVALID. Yet paragraph 2(d) of the statement of grounds refers to the trade mark misleading the public, this would appear to be a reference to a ground for revocation under section 46(1)(d). At the time this application was filed, the registry did not scrutinise such statements of grounds, nevertheless, this inconsistency was identified in the registry and a letter issued to the applicant for invalidity. The letter, dated 13 August 1998, noted that the statement of grounds only referred to invalidity and stated that if the applicant wished it to be an application for revocation and invalidity then an amended statement of grounds was required. If no amended statement of grounds was received, the registry would treat the application as one for invalidity only and the request for revocation would be deleted from the Form TM26.

5. No reply was received. The Form TM26 was amended, but no amendment was made to the statement of grounds and paragraph 2(d) remained in the document subsequently served on the registered proprietors. No letter informing the applicant of this action was issued by the registry.

6. The registered proprietors filed a counterstatement denying the grounds of invalidity. This included a statement that, “The registered proprietor denies that the mark is invalid because.....(d) because the use of the trademark by the registered proprietor could mislead the public”.

7. Both sides filed evidence in the proceedings and the hearing was appointed to take place before me on 9 January 2002. Shortly before this hearing, the registered proprietors requested that the hearing be postponed. The applicant objected and I heard submissions on this issue as a preliminary point. The registered proprietors were seeking representation for the hearing but had been let down late in the day. In addition, they sought leave to adduce further evidence into the proceedings.

8. Initially, the applicant objected to both requests and wanted to press on with the hearing. However, it became clear to me, and I think that applicant’s representative, that both parties

would benefit from a postponement. As will become clear, this case is a complex one involving several aspects of copyright and trade mark law and it seemed to me that neither party was ready to argue all the points that this case raised.

9. Following submissions and some discussion on the points, I decided to allow the postponement of the hearing and to allow the registered proprietors' request to admit further evidence. I also set a period for the applicant to file any evidence in reply. Both parties filed their further evidence and this was admitted into the proceedings.

10. Then, in a letter dated 14 March 2002, the registered proprietors made a request to cross-examine two of the applicant's witnesses, Mr Evans, the applicant and Mr Dorrington, who was involved in the liquidation of some of the companies involved. The registry asked the applicant for any comments on these requests, none were made. Unfortunately, the registry lost sight of this request and so no further action was taken.

11. A second hearing date was appointed before me for 21 May 2002. On reviewing the file before the hearing, I noted that the issue of cross-examination was outstanding and I remitted the file back for the issue to be dealt with. In a letter dated 13 May 2002, the registry indicated that in the absence of any reply to its letter concerning cross-examination, the cross-examination of Messrs Evans and Dorrington would be ordered. Shortly before the hearing the registry was informed that the applicant's witnesses were unable to attend this date and a request was made for it to be postponed. There is some dispute between the parties concerning the facts behind this postponement but that it of no consequence to the main dispute. In any event, this hearing was postponed.

12. A further date was appointed for the hearing, 5 November 2002, and a letter was issued on 17 October 2002, reminding the applicant that Messrs Evans and Dorrington should attend for cross-examination.

13. So it was, after some delay, that the parties came before me on 5 November 2002 for the main hearing in these proceedings. The applicant was represented by Mr Richard Meade of Counsel instructed by Ian Newbury & Co, and the registered proprietors by Mr Guy Tritton of Counsel, instructed by Trade Mark Owners Association Ltd.

Evidence

Applicant's Evidence

14. This consists of:

- An affidavit by the applicant for invalidity, Mr Trevor John Evans dated 10 June 1999. This sets out the trading history of Mr Evans and his connection to the OKO trade mark over a number of years. He gives evidence as to how the mark and product were devised and developed and then the setting up of various companies and their subsequent liquidation. Mr Evans also gives evidence concerning the relationship between himself and the managing director of the registered proprietors, Mr Costello. His affidavit also gives evidence as to the commissioning of the OKO logo and

provides exhibits concerning this and a subsequent assignment of the copyright to Mr Evans.

- An affidavit dated 10 June 1999 by Mr Gavin Fowke, the General Manger of a company called American Flag plc. He gives evidence as to the sale of the OKO tyre sealant from 1986 when he joined OKO UK Limited.
- An affidavit by Mr Peter George Richardson dated 9 June 1999. He is a partner in the firm of The Graphic Workshop and he gives evidence as to the commissioning of the OKO logo and subsequent assignment of the copyright in that logo.
- An affidavit dated 7 June 1999 by Mr Ivan Mills. He is a Director and Proprietor of Stour Print Limited. He gives evidence as to the printing of various publicity material with the OKO logo.
- An affidavit dated 4 June 1999 by Mr Dorrington, a Senior Partner of Messrs Poppleton and Appleby, Insolvency practitioners of London. He gives evidence concerning his involvement in around 1990 in the liquidation of OKO Holdings Limited and its two subsidiaries OKO International Limited and OKO UK Limited. He gives evidence as to Mr Evans' continued involvement in trading in the OKO name and a subsequent assignment of the trade mark number 1316398 to OKO International Limited SA, a Panamanian company.

The Registered Proprietors' Evidence

15. This consists of:

- A statutory declaration by Mr Thomas John Costello, Managing Director of Linseal International Limited. He gives evidence concerning the development of the OKO brand and his involvement in the various companies. He also makes comments concerning the affidavits filed on behalf of the applicant for invalidity. He also exhibits a declaration by Mr Mike Sewell dated 22 January 1996. Mr Sewell is the Managing Director of Carefields Limited, a contract manufacturer of OKO Tyre Sealant since March 1990.
- A statutory declaration dated 9 December 1999 by Mr David Bryan Boe, a Director of Linseal International Limited. He gives evidence confirming the statements made by Mr Costello. He also states that the signature on exhibit TJE6 to Mr Evans' affidavit of 10 June 1999 which is said to be his own, is not.
- A statutory declaration dated 10 December 1999 by Mr Roy McGinty a Director of Meridian Industries plc. He confirms the evidence given by Mr Costello. Concerning the evidence of Mr Evans in his affidavit of 10 June, he states that the signature on exhibit TJE7 to that affidavit which is said to be is own, is not.
- A statutory declaration by Mr David Bruce Thompson of C H Ivens & Co Accountants. He gives evidence concerning his company's role as accountants and

auditors of Meridian Industries and later Linseal Industries Limited. He also gives evidence concerning the voluntary liquidation of Meridian.

The Applicant's Evidence in Reply

16. This consists of :

- A further affidavit by Mr Richardson dated 21 September 2000. He gives further evidence concerning the commissioning and payment for the OKO logo.
- An affidavit dated 26 September 2000 by Mr Douglas Bottaro of Capetown South Africa. He is a director of a trading company called AMI Supplies CC. He gives evidence concerning the importation of OKO tyre sealant into South Africa over 11 years and his involvement with the applicant, his companies and the registered proprietors.
- An affidavit dated 22 September 2000, by Mr John Keane, a General Principal and owner of a company called Celton Limited. He gives evidence as to the distribution of the OKO product in Ireland over a number of years and his dealings with the applicant and the registered proprietor.

The Registered Proprietors' Further Evidence

- This consists of a witness statement by Thomas Costello. In his evidence he introduces affidavits submitted in the revocation proceedings on trade mark number 1316398. These include statutory declarations by, Mr Costello; Mr Saxton; Mr Sewell; Mr David Boe; Mr Michael Edward Boe; and Mr Peter Howe, a Director of OKO International Limited (BVI)

The Applicant's Further Evidence

- This consists of a further affidavit dated 29 September 2000 by Mr Trevor Evans. This seeks to clarify some points concerning the chronology of the various companies who have used the OKO trade mark.

17. From this evidence certain background facts emerge. Some of the evidence is not contradicted indeed much of it is not relevant to the areas in dispute before me in these proceedings. It may help to start with a chronology of events as they are set out in both parties evidence. It should be noted that not all the dates are entirely clear, nor are all the assertions accepted by both parties. However, from the evidence, it would appear that in:

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|-------|--|
| 1977 | Trevor John Evans, his brother and some others work on a tyre sealant; Mr Evans comes up with name OKO as the trade mark for the product |
| 11/77 | A Dutch Antilles based company Melissa Investments NV was formed |
| 78 | Yew Palm Ltd (off the shelf company) acquired; Trevor Evans has 20% of the |

shares

- ? Melissa Investments licences use of OKO trade mark to Yew Palm Ltd; although Melissa had not taken formal assignment of the rights
- 4/78 Yew Palm Ltd starts to produce OKO - Thomas Costello employed part-time as a production operative
- 79 Trevor Evans leaves his job to work full-time on OKO product
- 80 Yew Palm wound up. Melissa Investments transferred interest in OKO trade mark to Cegled Enterprises Ltd (Irish Company) - Trevor Evans is a shareholder and Managing Director; Mr Costello also works for Cegled
- late 80 Cegled Enterprises changes name to OKO International Limited; there is a letter dated 20 May 1982 showing the name OKO International Limited; exhibit Defence 1. Cegled used OKO logo in the shape of a car
- 83 OKO International Limited (formerly Cegled) ceased trading
- 83/84 Trevor Evans and his brother start trading under the name OKO International
- 83/84 Tongstyle Limited (off the shelf company) acquired by Mr Evans
- 84 Various assets of OKO International (Ireland) purchased by Trevor Evans and his wife Cherie Ann Evans (assignment of rights in name OKO to Mrs Evans at exhibit TJE1)
- 84 Assets purchased by Mr Evans sold to the company Tongstyle Limited - it is stated that Mrs Evans allowed Tongstyle company to use OKO trade mark
- ? Tongstyle Limited starts production of OKO; Thomas Costello as General Manger
- 84 Tongstyle start R & D programme into OKO product - Thomas Costello given 10% equity stake in company
- 83 Trevor Evans designs new logo (diamond shape with rounded corners)
- 84 Trevor Evans and/or Tongstyle introduces new logo
- 84 or 85 Tongstyle Limited trades as OKO International - exact date unclear, see decision on copyright and cross-examination of Trevor Evans
- 12/84 The Graphic Workshop work on logo and redesign it - Trevor Evans states he paid for this work; registered proprietors claim work was carried out on behalf of Tongstyle Limited

- 3/86 Tongstyle Ltd changes name to OKO International Limited
- 2/87 Tongstyle? acquire Reachtry Limited and changes name to OKO (UK) Ltd
- 3/88 Tongstyle? acquire Meldcase Limited and changes name to OKO International Limited
- 3/88 OKO International Limited changes name to OKO Holdings Limited. (This is the date stated by Mr Evans in para 5 of his affidavit of 29/9/00 but in para 24 of affidavit of 10 June 1999 he refers to the application for the trade mark being made in the name of OKO Holdings Limited, this was filed on 21/7/87.)
- 21/7/87 Application made by OKO Holdings Ltd for the trade mark OKO logo, trade mark number 1316398 (revoked in proceedings 8523 dated 10/09/97)
- 88? Converted OKO Holdings Limited into a group of companies, OKO Holdings Limited, and two subsidiaries OKO International Limited and OKO (UK) Limited; over time, Thomas Costello's share rises to a 25% equity stake
- 90 All three companies in liquidation
- 7/12/90 Registration of trade mark OKO logo 1316398 completed
- ? Trevor Evans sets up OKO International Limited (Guernsey); Thomas Costello has 25% of shares - it is stated that the liquidator of OKO Holdings Limited (et al) "allowed [Mr Evans] to use the trade mark"
- ? Trevor Evans sets up a UK based company Basic Right Ltd; Thomas Costello has 25% of the shares
- ? OKO (Guernsey) grants an "informal licence" to Basic Right Limited to use trade mark OKO - it is not clear to me how a Mr Evans or OKO Guernsey being "allowed" by the liquidator to use a trade mark can grant an "informal licence" to another company to use that mark but I will deal with this in my decision.
- ? Basic Right Limited sub-contracted manufacture to Carefields Limited
- ? OKO (Guernsey) revokes licence to Basic Right; exhibit TJE 5
- ? Basic Right goes into liquidation
- ? Meridian Industries plc formed - Trevor Evans has 75% of shares, Thomas Costello 25%
- 11/92 OKO (Guernsey)/ Mr Evans uses its informal agreement from the liquidator of OKO Holdings et al to grant a licence to Meridian Industries Plc - exhibit

TJE6 is a licencing and distribution agreement, it states that Meridian does not own the copyright or the trade mark. The agreement appears to be signed by Mr David Boe on behalf of Meridian - Mr Boe disputes that this is his signature on the document (see his statutory declaration of 9 December 1999)

- 4/93 A further agreement between OKO International (Guernsey) and Meridian - exhibit TJE7. This appears to be signed by Mr McGinty - Mr McGinty disputes that it is his signature on the document (see his statutory declaration of 10 December 1999)
- 11/93 OKO Guernsey issues variation letters to Meridian - exhibit TJE8
- 1/94 Thomas Costello informs Trevor Evans that he and others are setting up Linseal International Limited - Meridian put into liquidation
- 3/94 OKO Guernsey licences Linseal to produce and use the OKO trade mark which is held by their "London representatives" - exhibit TJE9
- 15/9/94 Linseal International apply to register the trade mark OKO logo (trade mark number 1585175)
- 11/94 Liquidator of Meridian sells any intellectual property and goodwill held by that company to Linseal
- 12/94 OKO International Ltd SA formed (Panamanian company)
- 2/95 Liquidator of OKO Holdings Ltd sells OKO trade mark 1316398 to OKO International Ltd SA for £50
- 6/95 Linseal International apply to the Patent Office for the trade mark 1316398 to be revoked
- 9/97 Application for revocation of 1316398 successful
- 22/05/98 Application for trade mark in suit 1585175 accepted
- 09/07/98 Assignment of copyright in OKO logo from John Ellis and Peter Richardson (The Graphic workshop) to Mr Trevor Evans
- 14/7/98 Application for invalidity of trade mark number 1585175 filed

Decision

Grounds

18. The statement of grounds refers to the trade mark being INVALID, however, it does not specifically quote any section of the Act. As previously stated, this statement of grounds was

filed before the registry started to examine such documents to ensure that the applicant's case was adequately particularised. That said, at the hearing I understood it to be common ground that the application for invalidity was based on sections 5(4)(a) and 5(4)(b). In addition, the applicant sought for the mark to be REVOKED, again no section of the Act was quoted but the wording clearly relates to section 46(1)(d) of the Act. I heard submissions as to whether I should consider this ground and will deal with those submissions below. However, here I set out the relevant sections of the Act. Section 47 reads:

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

19. The applicant’s grounds go to section 5(4) which reads:

“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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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.”

20. Section 46(1)(d) is also relevant, it reads:

“46.-(1) The registration of a trade mark may be revoked on any of the following grounds -

- (a)
- (b)
- (c)
- (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.”

Preliminary issues

Applicant’s request for cross-examination

21. The registered proprietors made a request to cross-examine Mr Evans and Mr Dorrington. The request was allowed and both were ordered to attend the hearing for cross-examination. At the hearing, Mr Meade informed me that Mr Dorrington was not in attendance. Whilst the registrar can order attendance at a hearing, she has no power to enforce that order. Parties may apply to the court for a witness summons order if they believe that a witness will not attend the hearing before the registrar and of course, such orders of the court are enforceable. Following submissions from both parties, it was agreed that in the absence of Mr Dorrington attendance for cross-examination, I could not take his evidence into account.

22. At the start of the hearing, Mr Meade made a request for cross-examination of Mr Costello. Prior to this, I had no such request before me and Mr Tritton resisted the applicant's request. Mr Meade was under the impression that a request had been made but it seems that the request was made to the other party some twelve hours before the hearing. Mr Meade argued that as Mr Costello was at the hearing he could easily be sworn in and give evidence. This in my view, was a very unsatisfactory state of affairs. The registered proprietors' request to cross-examine the applicant's witnesses had been made many months ago and in good time. Views had been sought and the order made for their attendance.

23. At no time during that period had the applicant sought cross-examination of any of the registered proprietors' witnesses, then a day before the hearing a request is made which it appears, was not copied to the registrar. Despite Mr Costello's presence at the hearing, it was not in my view appropriate for him to be expected to take the stand and be cross-examined on written evidence given nearly three years ago. This matter was entirely within the control of the applicant, they had ample opportunity to consider whether cross-examination should be requested and to make that request in the usual way. Any prejudice is entirely of their own making and in the circumstances, I refused leave to cross-examine Mr Costello.

Cross-examination of Mr Evans

24. The cross-examination of Mr Evans lasted nearly an hour and a half. Mr Tritton took him carefully through his evidence. There were inconsistencies in his evidence and Mr Tritton took him to those and questioned him closely on them. In one, he was able to show that Mr Evans had contradicted himself in evidence and that, at the date when Mr Evans states that he paid for the design of the logo, there was an entity trading as OKO Holdings. However, on the more serious allegations made against Mr Evans, Mr Tritton either withdrew them or was unable to extract any admissions from Mr Evans. Mr Evans sometimes appeared evasive but this may be due to the fact that some of the issues dealt with occurred some seventeen years ago. As can be seen from the chronology of events, there have been a large number of companies set up by Mr Evans and others and these have nearly all failed. The various chains of title, licences, agreements and dates are not always clear from the evidence.

25. For reasons that will become clear in my discussion of the various grounds, I do not think that anything turns on the cross-examination of Mr Evans but where necessary, I have expanded upon it below.

Section 46(1)(d)

26. In setting out the background to this case, I noted that the application as filed had appeared to be an action for both revocation and invalidity. The registry had written to the applicant asking for clarification and suggesting that in the absence of clarification, the application would be amended and proceed on the basis of an action for invalidity.

27. In the skeleton argument, the applicant maintained the ground of objection under section 46(1)(d), the ground of revocation. The applicant argued that the registry's letter of 13 August 1998 seeking clarification had not been received and so no response had been sent. As no further correspondence on this issue had been sent by the registry to either party and no

amendment had been made to the statement of grounds, Mr Meade argued that the applicant had had no reason not to presume that the ground had been accepted. He noted that as the ground had been rebutted by the registered proprietors, there could be no prejudice to them in allowing the ground to be argued.

28. The registered proprietors argued that as the registry's letter of 13 August 1998 had indicated that the ground of revocation would be struck out, they had proceeded on that basis and it was now inequitable for them to face this allegation.

29. At the hearing, I gave a short oral decision on this point. It seemed to me that the confusion concerning the grounds that were to be argued was due, in no small part, to the action taken by the registry. Having spotted the inconsistency and brought it to the attention of the parties (leaving aside the issue that the applicant did not receive that letter), it was incumbent upon the registry to make it clear to both parties that they had acted upon their letter of 13 August 1998 and so had deleted the ground of revocation from the statement of grounds. Such a letter would have alerted the applicant to the fact that he had not received the previous correspondence and would have made it clear to both parties the basis upon which the proceedings should continue. As it was, it is not surprising that the applicant believed that all the grounds were still before the office, nor is it surprising that the registered proprietors replied in the counter-statement to all the grounds.

30. In the event, I decided that it was better for all the grounds to be ventilated before me and for me to reach a decision on all the grounds. Proceedings between these parties have been ongoing for a number of years and it seemed to me that it was better for all the possible grounds to be decided upon in these proceedings. I acknowledged the inconvenience to the registered proprietors who had not prepared for the hearing on that basis. So, I directed that Mr Tritton should have a period of 21 days within which to make written submissions on the issue of section 46(1)(d) and that the applicant could then have a further period of 21 days within which to file any comments in reply. I will deal with the objection under section 46(1)(d) below.

Main Grounds

Section 5(4)(b)

31. This objection took up the bulk of counsel's submissions and I will deal with it first. As a preliminary point, Mr Tritton referred to the wording used by the applicant in their statement of grounds. It reads, "The Applicant is the owner of the COPYRIGHT in the OKO Logo and Mark having had the same designed for use in his business circa December 1984." Mr Tritton argued that this ground was based on the claim that as at the date of filing the Form TM 26, the applicant Mr Evans, was the owner of the copyright in the mark. Therefore, in his view, the applicant's case as set out in their statement of grounds was not that the registered proprietors were not the owners of the copyright in the mark but that the owner was Mr Evans. In Mr Tritton's view, the applicant in their skeleton argument had set out a different case, that the registered proprietors were not the owners of the copyright at the date of application.

32. Mr Tritton noted that the evidence filed showed an assignment of the copyright in the mark to Mr Evans but that this was after the date of application for invalidity. He argued that the applicant could not now change the basis for their objection and that the registered proprietors' case had been focussed on seeking to show that the applicant was not the owner of the copyright at the date the application for the trade mark was filed. In his submissions, the allegation that the registered proprietors of the trade mark did not own the copyright in the trade mark at that date, raised different issues to the case as pleaded in the statement of grounds and so he submitted that I should not allow them to argue that ground.

33. I note Mr Tritton's comments, however, the statement of grounds also contains the wording in paragraph 2, "The trade mark 1585175 is INVALID because:- (c) use of the trademark by the proprietor constitutes a breach of copyright". From the evidence it seems to me fairly clear that both parties have had an understanding of the true nature of this dispute in so far as the issue of copyright is concerned. Indeed, there was much common ground on issues such as ownership and subsistence of copyright. Therefore, I was prepared to hear the dispute on the basis that the question before me was whether, as at the date of application for the trade mark, use in the United Kingdom was liable to be prevented by the law of copyright. In any event, it would seem that there is no requirement for an action under section 5(4)(b) to be brought by the holder of the copyright, all that is required is that the use by the registered proprietor was liable to be prevented at that date; see comments of Mr Hobbs Q.C. in *Wild Child* [1998] R.P.C. 455 at page 458 line 53 referring to the passing off right under section 5(4)(a).

Common Ground

34. There was no dispute between the parties that copyright subsisted in the version of the trade mark shown below. Equally, no one seriously argued that there was copyright in the word OKO.



35. Further, although much of the submissions made to me concerned the right to use the logo, there was no dispute that at the date of application for the trade mark, the registered proprietor did not hold the legal title of the copyright in the trade mark.

36. Again, there was no dispute that, at the date when the logo was devised, the legal title in the copyright was held by the designers Mr Ellis and Mr Richardson (The Graphic Workshop). Absent any express assignment in writing, the legal title to the copyright would automatically have vested in them. Counsel referred me to section 11(1) of the Copyright, Designs and Patents Act 1998 which deals with this point. The logo was devised before this Act came into force so would have been governed by the Copyright Act 1956 but the provisions concerning ownership of artistic works is the same in the new Act. I heard submissions from Mr Tritton on the issue of equitable title to the copyright in the logo. He suggested that there were three possible owners; (a) the Graphic Workshop; (b) Mr Evans (if he commissioned the work on his own behalf); or (c) Tongstyle Limited (If Mr Evans

commissioned the work on their behalf). He argued that if the equitable title was held by (a) or (b) then Mr Evans, the applicant, was now the holder of the legal title, in accordance with the assignment date 9 July 1998 from Messrs Ellis and Richardson to Mr Trevor Evans (see exhibit PGR3 to Mr Richardson's affidavit of 9 June 1999). However, if the equitable title had vested in (c) Tongstyle, then Mr Tritton argued, that the purported assignment of the legal title to Mr Evans would be in breach of trust and would therefore, be invalid. As noted above, there is no requirement that an party seeking to rely on this ground must hold the title to the right on which they rely. I will discuss the issue of equitable ownership below, but it seems to me, for reasons that I will explain, that nothing will turn on this issue.

37. To conclude, from the evidence and submissions made to me, I find that:

- copyright subsisted in the logo version of the trade mark
- at the date of application for the trade mark, legal title in the copyright of the OKO logo was not owned by the registered proprietors
- that at the date of application, the legal title in the copyright in the OKO logo was owned by Messrs Ellis and Richardson (The Graphic Workshop)
- that as at the present date, subject to any issue concerning breach of trust, the legal title in copyright in the OKO logo is held by Mr Evans

38. Taking all this into account, I must decide whether, use by the registered proprietors as at the date of application for the trade mark, was liable to be prevented by the law of copyright?

39. As the registered proprietors did not and do not own the legal title in the copyright in the trade mark, Mr Tritton's submissions were based on the premise that use by the registered proprietors of the mark would not fall foul of section 5(4)(b) because their use of the logo was under a licence either implied or explicit. As such, he argued that their use would not be liable to be prevented.

40. In order to consider this submission, it seems to me that I must consider the chain of title and various agreements entered into between the parties with some care. This is a very important point. The registered proprietors did not and do not own the copyright in the mark. It seems to me that absent an agreement/licence that they can use the copyright then the provisions of section 5(4)(b) will be made out and their mark will be invalid.

41. The registered proprietors case was based on the implicit licence that Messrs Ellis and Richardson must have given to the party who had commissioned the design work. I understood the applicant to accept that in commissioning the logo, there would have been an implicit licence from the designers that the logo could be used without copyright infringement by the commissioner.

42. As such, there was some debate as to who commissioned and paid for the work. From the evidence, it is Mr Evans' position that he commissioned the work and paid for it on his own behalf. It is the registered proprietors' case that Mr Evans may well have commissioned the logo and arranged for payment but that such work was carried out and payment made on behalf of Tongstyle Limited who were at that time, producing and marketing the OKO product.

43. Some of Mr Tritton's cross-examination went to this issue. The invoice at exhibit TJE3 to Mr Evans' first affidavit is dated 20 December 1984 and relates to payment for the OKO logo. It is addressed to OKO International. Mr Evans in his second affidavit at paragraph 5 states that it was not addressed to any limited company because at that time [20 December 1984] there was no limited company trading with the name OKO International and that this was a trading name being used by Mr Evans and his brother.

44. Mr Tritton in cross-examination, took Mr Evans to this statement and asked him if he wished to change any aspect of that statement. Whilst Mr Evans was not as emphatic as he had been in his affidavit, eventually, Mr Tritton was able to extract from Mr Evans a confirmation that "Sure, Not as far as my memory goes. I mean, I would say that that is correct."

45. With that statement established, Mr Tritton asked whether Mr Evans had ever been registered for VAT, after some hesitation Mr Evans said "no". Mr Tritton then took Mr Evans to the invoice from Graphic Workshop (Defence 0) and noted that the address for OKO International was Unit 5, Sandleheath Industrial Estate, Sandleheath. Mr Evans confirmed that this was not his address but that it was, the address of Tongstyle Limited's factory. Mr Evans stated in cross-examination that Tongstyle Limited only started using OKO International as a trading name in around July 1985 confirming that before that date, OKO International had been a trading name used by him and his brother.

46. With the statements from Mr Evans indicating that as at December 1984, the date when the OKO logo had been commissioned, there was no limited company using the trading name OKO International, Mr Tritton took Mr Evans to exhibit Defence 2 to Mr Costello's statutory declaration of 9 December 1999.

47. This is a letter dated 11 September 1984, addressed to Sparex Limited, Exeter Airport from OKO International. It is signed by Mr Trevor Evans. Mr Tritton asked Mr Evans to read various parts of the letter, these confirmed that Mr Trevor Evans was the Managing Director of the company, he then asked Mr Evans to read the footer of the letter headed paper. It states: "OKO INTERNATIONAL is trading name of TONGSTYLE LTD....."

48. Mr Evans tried to explain away these inconsistencies, he provided several explanations such as the fact that he and his brother and Tongstyle might all have been trading under the name OKO International. I did not find any of his explanations very satisfactory. Mr Tritton pressed Mr Evans very hard on this point. He drew attention to the fact that subsequent invoices from Graphic Workshops for further work carried out over a number of years were in each case addressed to the relevant company trading at that time, for example Basic Right and Meridian. At one point Mr Evans did concede that it seemed that the invoice at "defence 0" had been received by Tongstyle but I understood him to continue to try to distinguish between commissioning and payment. He appeared to claim that in accordance with the assignment from the Irish company, his wife owned the trade mark. Yet, as Mr Tritton pointed out, the subsequent application for the mark was made in the name of the company and not his wife.

49. This was the point in Mr Evans' cross-examination on which Mr Tritton made most ground and was able to expose several inconsistencies. On the basis of the evidence before me

and having had the benefit of cross-examination, I conclude that the work on the OKO logo was commissioned by Mr Evans who at that time was the Managing Director of Tongstyle Limited who were trading as OKO International. The invoice having been addressed to that company.

50. Therefore, it seems to me that any implicit licence to use the copyright in the OKO logo would have been given to Tongstyle Limited trading as OKO International. Having so found, can we trace any implicit licence to use the trade mark to the current registered proprietors? It also follows from so finding, that in my view, the equitable title to the copyright would have been held by Tongstyle Limited and that the assignment by Graphic Workshop to Mr Evans may well have been in breach of trust. However, I return to the fact that there is no requirement that the owner of the copyright bring an action under section 5(4)(b). Therefore, whether Mr Evans does or does not hold the legal title to the copyright is irrelevant.

51. Returning to the chain of title and any implicit licence to use the logo, from the evidence it would appear that Tongstyle Limited changed its name to OKO International Limited and then to OKO Holdings Limited. Some time in 1988, OKO Holdings Limited was converted into a group of companies with OKO Holdings Limited and two subsidiaries OKO International Limited and OKO (UK) Limited.

52. All three companies subsequently went into liquidation. So far, it seems clear to me that any implicit licence to use the copyright in the logo would have passed through the various changes of name, such that Messrs Ellis and Richardson (The Graphic Workshop) could not have relied upon their legal ownership of the copyright in the OKO logo to prevent any of the companies so far mentioned, from using the OKO logo.

53. Mr Evans established OKO International Limited a Guernsey company (OKO Guernsey). Mr Evans gives evidence that although no formal assignment of the trade mark took place, the liquidator of OKO Holdings Limited, Mr Dorrington, gave permission for him or OKO Guernsey (it is not entirely clear) “to use the trade mark”. Mr Evans goes on in paragraph 33 et seq of his first affidavit to explain that a UK company Basic Right Limited was set up and that OKO Guernsey:

“granted a formal licence to Basic Right to manufacture and distribute the OKO product under the OKO name”.

54. There is a subsequent revocation of this licence and the granting of further licences to Meridian and indeed an agreement with Linseal International itself. The letter to Linseal International is dated 22 March 1994 and purports to confirm an agreement between OKO Guernsey and Linseal International that the latter will produce a tyre sealant and market it within the “EU Territories” as OKO. It states that the trade marks for OKO are held by “our London representatives for and on behalf of OKO Holdings Limited and OKO International Limited”. Mr Evans signs the letter as “Chairman of OKO Holdings Limited and OKO International Limited”.

55. However, it seems to me that in the first of these actions, the permission given by the liquidator, the chain of any implicit licence is broken. Both parties kept referring me to the

permission to use the mark given by the liquidator Mr Dorrington, and also to the subsequent “formal licences” granted to various parties. Although it did not seem to me that the applicant needed to rely on this informal permission, they did not seem to wish to question its validity or effect. Since both parties sought to some degree to rely on the permission given Mr Dorrington I questioned both parties counsel quite closely.

56. Despite their submissions, I could not follow how any informal permission to use the trade mark could have enabled OKO Guernsey to grant and subsequently revoke formal licences with Basic Right Limited and Meridian Limited and then to confirm an arrangement whereby Linseal Limited (the registered proprietors) could use the mark.

57. Looking at the facts as they are before me, OKO Guernsey or indeed Mr Evans, had no authority to grant licences or make arrangements for use of the mark. It seems to me that at that time, OKO Guernsey and Mr Evans did not have any rights in the mark or copyright at all. Certainly, any rights they may have held could not, absent an explicit licence from the liquidator, be passed on to other third parties. At the date when the letter to Linseal International Limited was written, 22 March 1994, OKO Holdings and the subsidiary companies were in liquidation, the mark was not held by, “our London representatives”, as claimed in the letter from OKO Guernsey.

Conclusions on Copyright

59. From my conclusions set out above, and on the basis of the evidence before me, I conclude that at the date when the application for the trade mark was filed, the registered proprietors, Linseal International Limited did not hold the legal or equitable title in the copyright in the OKO logo. At that date, legal ownership in the copyright vested with the designers Messrs Ellis and Richardson.

60. Also, I conclude that at the date of application, Linseal International Limited did not have a licence whether explicit or implicit to use the copyright in the logo. Any licence to use the mark would have vested with OKO Holdings Limited and the subsidiary companies which at that time would have been in liquidation. No assignment of that licence or evidence of it has been put before me in these proceedings.

61. Therefore, I conclude that at the date of application for the OKO logo trade mark, any use of the trade mark by the applicant for registration was liable to be prevented in the United Kingdom by virtue of an earlier right, namely the law of copyright. As such, the ground of objection under section 5(4)(b) of the Trade Marks Act 1994 has been made out.

Section 5(4)(a)

62. The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] RPC 455. Adapted to invalidity proceedings, the three elements that must be present can be summarised as follows:

- (1) that the goods or services of a third party have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the registered proprietors (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the registered proprietors are goods or services of the third party; and
- (3) that the third party has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the registered proprietors' misrepresentation.

63. The test is normally set out indicating that the “applicant” must show that they have acquired the goodwill and reputation. However, it would appear that there is no requirement that the applicant for invalidity has to own the goodwill or reputation; per Mr Hobbs Q.C. in *Wild Child* [1998] R.P.C. 455 at page 458 line 53. Thus, provided there was a third party who, assuming notional and fair use of the registered proprietor’s mark, could have prevented use of the mark in suit by the registered proprietor using the law of passing off, then the ground will be made out. As in all these grounds of invalidity, the onus is on the applicant to show that their ground of opposition is made out.

64. This ground of invalidity can in my view be dealt with very quickly. Mr Tritton did not spend much time in his submissions on this ground and did not address it at much length in his skeleton argument. In my view, that was the correct thing to do. From the chronology set out above, it is clear to me that a large number of companies have traded under the name OKO.

65. The first requirement for the ground to be made out is that a third party had the necessary goodwill and reputation to be able to prevent Linseal from using the mark as at the date of application, that is 15 September 1994. Whilst much of the evidence talks about use of the mark by a number of companies and I am sure that they did use the mark, I have none of the usual evidence I would expect to support a claim to passing off. I have no turnover figures from the various companies leading up to 1994, I have no advertising expenditure. The company trading under the mark in the United Kingdom immediately before Linseal was Meridian. That use was purported to be under licence from OKO Guernsey but I have already found the validity of any such assignment to be questionable. In any event, I have no evidence as to the extent of the use of the trade mark by Meridian within the United Kingdom.

Conclusions under section 5(4)(a)

66. Absent evidence showing these points, including the turnover, advertising expenditure, and market share, it is in my view impossible to say whether any of the many companies, or indeed Mr Evans himself, who had traded under the OKO mark had any current or indeed residual goodwill in the trade mark OKO such that any of them could have successfully prevented Linseal from using the mark as at the date of application. **As such, I find that the applicant for invalidity has not discharged the onus on him and the ground of invalidity under section 5(4)(a) is not made out and stands to be dismissed.**

Section 46(1)(d)

67. As noted above, it was in my view in the interests of both parties that this ground should be fully ventilated before me such that I could reach a decision on it. Having heard the applicant's submissions and considered the written submission of the registered proprietors (the applicant did not take up my offer to file further written submission in reply) I set out my decision in respect of this ground.

68. I agree with Mr Meade's opening submission that section 46(1)(d) appears to provide a broad ground of revocation where a mark is liable to mislead the public, the use of "particularly" would suggest that the list that follows is not exhaustive but merely gives some examples of the sort of ways in which the public might be misled. Of course, it is important to note that the section is, it seems to me, limited by the requirement that such liability to mislead must arise "in consequence of the use made of it by the proprietor or with his consent".

69. Unlike the other grounds argued before me, the relevant date in respect of the application for revocation is the date on which that application was filed, 14 July 1998. Mr Meade submitted that in deciding the issue as of that date, I should take into account the manner in which the mark had been used before that date. With some reservations, I agree with the general thrust of that submission. It seems to me evident that in deciding whether, in consequence of the use made of it by the proprietor or with his consent, a mark is liable to mislead the public, it will be necessary to look at how the mark has been used in the period leading up to the date of application.

70. However, Mr Tritton pointed out that if the mark was likely to mislead in the past, that would not be enough if, as at the date of application for revocation, that was no longer the case. I think that he is correct. The question must be assessed as at 14 July 1998 taking into account use in the period leading up to that date.

71. Mr Meade referred me to the decision of my colleague, Mr Troddyn issued on 10 September 1997. That decision considered the very same ground of revocation in respect of the same mark which at that time stood in the name of OKO International Limited SA. The applicant for revocation was the registered proprietor in this case. Having considered the evidence, the Hearing Officer found on the facts before him, that the mark was indeed liable to mislead the public due to the long history of use by so many different parties and the lack of control of such use by the then registered proprietor.

72. Mr Meade submitted that although that decision was reached in 1997 it must be a given that as at July 1998 that position would not have changed and so the fact that the mark would mislead the public was made out. It was then merely a question of whether the other ingredient was present, that is, was the position "in consequence" of the use by Linseal or use with their consent. Mr Meade argued that as they had chosen to take up a mark that they had successfully asserted was liable to mislead the public then again this ground had been made out.

73. As set out in my determination of the ground under section 5(4)(a), it seems to me that I have no evidence to show that any third party was in a position to prevent use of the trade mark OKO by the current registered proprietors as at the date of application for the mark, 15 September 1994. There was no evidence before me to show that any of the companies who had traded under the mark had any residual or existing goodwill under the mark. There were a large number of companies who had traded under the name and as such, given the confused position, it is not perhaps surprising that the hearing officer in the revocation proceedings on trade mark number 1316398 found that as at September 1997, because of the use made of the mark by the then registered proprietor, it was liable to mislead the public.

74. As I set out above, the question I must answer is whether as at 9 July 1998, because of the use of the mark by the proprietor or with his consent, the mark was liable to mislead the public. Both parties agreed that misleading the public as to origin of the goods would be sufficient for this ground to be made out.

75. Mr Meade submitted that in using a mark that was already misleading to the public, then this ground must be made out. I do not agree. The registered proprietors adopted a mark that had a chequered history. They cleared the way for registration of that mark by removing the existing mark from the register and thus allowing their mark to be registered. There is nothing in the evidence to suggest that since the current registered proprietors started using the mark, March 1994, they have done anything either themselves or with their consent to encourage or bring about any deception of the public. In fact, the evidence shows the contrary, all the evidence points to them using the mark in consistent and fair manner.

Conclusions under section 46(1)(d)

76. There is no evidence before me to show that in consequence of the use of the mark by Linseal or with their consent, in relation to the goods for which it is registered, the mark was as at 14 July 1998, liable to mislead the public as to trade origin. **As such, I find that the applicant for invalidity has failed to make out this ground of invalidity and it stands dismissed.**

Conclusion

77. The applicant's ground of invalidity under section 5(4)(a) and their ground of revocation under section 46(1)(d) are dismissed, but they have succeeded in their objection under section 5(4)(b) of the Act.

78. Under section 47(2)(b) I declare trade mark number 1585175 invalid and in accordance with section 47(6) I declare that the registration be deemed never to have been made.

Costs

79. There were various interlocutory matters dealt with both before and during the main hearing and so there were a number of issues both parties wished to raise with regards to costs. It was agreed that the issue of costs would be the subject of written submissions made

after my decision was issued. Therefore, I give one month from the date of my decision for the submission of written submissions on the subject of costs. In the absence of any submissions on this point, I presume that the parties will arrange for simultaneous exchange of such written submissions with the other party.

Dated this 14th day of April 2003

**S P Rowan
For the Registrar
the Comptroller General**