

O-310-07

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2411708
BY VOLUNTARY AND COMMUNITY SECTOR LEARNING CONSORTIUM
LIMITED
TO REGISTER THE TRADE MARK**



IN CLASSES 9, 16 & 41

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 94549
BY MAGICAL SPELLING LIMITED**

BACKGROUND

1) On 21 January 2006, Voluntary and Community Sector Learning Consortium Limited, of St James Enterprise Centre, 24-30 St James Street, Hull, HU3 2DH applied under the Trade Marks Act 1994 for registration of the following trade mark:



2) In respect of the following goods and services:

In Class 9: “Software and interactive DVD's; instructional and teaching materials in DVD forms.”.

In Class 16: “Instructional and teaching materials in printed form.”

In Class 41: “Providing education and training courses.”

3) On 14 August 2006, Magical Spelling Limited of Bondgate Mill Farmhouse, Appleby-in-Westmorland, Cumbria, CA1G 6UR filed notice of opposition to the application. The grounds of opposition are in summary:

a) The opponent claims that the mark MAGICAL SPELLING has been used since 1989, when it was used by Cricket Kemp in conjunction with a monthly workshop. The mark has subsequently been used by various organisations set up by Cricket Kemp with her permission, namely Learning Excellence, NLP NorthEast and the opponent. The applicant became aware of the mark in 1994 when their representative attended one of the Cricket Kemp seminars and saw the mark in use. Cricket Kemp was contacted by the applicant who wanted to collaborate on a DVD product. Cricket Kemp agreed to collaborate on the product and stated that the mark in suit was to remain her property. The applicant assured Cricket Kemp and the other collaborating partners that a legal agreement would be drawn up. However, before such agreement could be signed and without informing any of the collaborating partners the applicant filed the trade mark application. The application therefore offends against Section 3(6) of the Trade Marks Act 1994.

b) The mark MAGICAL SPELLING has been used in the UK on instructional and teaching materials in relation to a spelling instruction system. It has been applied to booklets and promotional materials relating to education and training. The mark has been used in relation to training courses throughout the UK and a booklet entitled MAGICAL SPELLING (hereinafter MS) has been distributed to over 5000 customers throughout the UK. The mark has gained substantial reputation in the field and has been used in magazine and newspaper articles to

refer to Cricket Kemp's goods or services. The mark is also used on the website www.magicalspelling.com in connection with the opponent's education and training methods. The mark has been used by Cricket Kemp since 1989 and has been used subsequently by not for profit organisations Learning Excellence, NLP NorthEast and by the opponent. This use has been with the permission of Cricket Kemp. Written and illustrated materials bearing the mark have been issued to schools and teachers from 1989 onwards. The brand has been presented at numerous seminars, workshops and conferences and has gained media coverage. The mark in suit therefore offends against Section 5(4)(a) of the Trade Marks Act 1994.

4) The applicant subsequently filed a counterstatement denying the opponent's claims. The counterstatement included considerable details of events which are covered in the applicant's main evidence.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 5 September 2007 when the opponent was represented by Messrs Hargreaves Elsworth and the applicant represented themselves.

OPPONENT'S EVIDENCE

6) The opponent filed twelve witness statements. The first, dated 11 January 2007, is by Jacqui Neil the Managing Director of Executive Excellence Ltd in Cleveland. She states that Cricket Kemp was teaching the "MS" spelling strategy in 1992/3. She states that each trainee received a MS certificate signed by Cricket. Ms Neil states that since Ms Kemp devised the MS technique thousands have been taught the technique and that those working in the field of Neuro-Linguistic Programming (NLP) would recognise MS as Cricket Kemp's mark. She states that she is aware of the use of the MS mark in the North East and North West of England. She states that she is not aware of anyone else using the MS mark.

7) The second witness statement, dated 12 January 2007, is by Kerin Webb a Director of EOS Seminars Ltd in Dorset which delivers hypnotherapy-NLP. She states that she first became aware of the term MS when she attended Cricket Kemp's NLP Master Practitioner training course in 2000/2001. She states that the MS mark is associated with Cricket Kemp's method of teaching children who have experienced difficulty in learning to spell. She states that the consumers of Ms Kemp's products are NLP practitioners, psychologists, parents and teachers. She states that she recalls the MS mark being used by Ms Kemp on promotional material, workshops and a booklet. She states that in her view Cricket Kemp has used MS as a trademark and that she has always associated the term with Ms Kemp. She states that anyone in the NLP field in the UK and even beyond will associate MS with Ms Kemp.

8) The third witness statement, dated 15 January 2007, is by Judith Lowe the owner of PPD Learning Ltd in London and an NLP trainer. She states that she has been aware of Ms Kemp's MS work for nine years and would associate MS with her. She states that she has seen the MS mark displayed at various NLP conferences over the years and also it was used on a booklet. She states that no-one other than Ms Kemp uses the mark MS in the field of NLP even though her work is based upon work that is known as the "spelling strategy".

9) The fourth witness statement, dated 11 January 2007, is by Alan Jones the Principal of Empowerment Trainings. He states that he is an NLP trainer and first became aware of the MS mark in 1999. He states that he associates the mark with Ms Kemp.

10) The fifth witness statement, dated 11 January 2007, is by Jo Hogg currently the Organiser of the November Independent NLP conference and previously the Conference Organiser for Association for NLP for fifteen years. She states that she first became aware of the mark MS in 1990 when it was used by Ms Kemp at a conference. She states that the conference was attended by delegates from all over the UK and Europe. She states that the mark is associated with Ms Kemp and that it has only been used by her.

11) The sixth witness statement, dated 11 January 2007, is by Martin Reed the Training Director of Talisman Training Ltd in Middlesex. He states that he first became aware of the MS mark in 1999. He states that he has always associated the MS mark with Ms Kemp and NLP Northeast. He states that he teaches the Cricket Kemp process under the name MS and always credits Ms Kemp, Ian Berry or NLP Northeast as the originators of the MS spelling strategy. He states that the teaching process that he uses was developed by Cricket Kemp and Ian Berry at NLP Northeast

12) The seventh witness statement, dated 12 January 2007, is by Gill Webb a Director of EOS Seminars Ltd in Dorset. She states that she first came across the mark MS on a course run by Ms Kemp in 2000/2001. She understood that at this time the mark had been in use for some time. She states that she has always associated the MS mark with Ms Kemp. She states that Ms Kemp has held MS courses throughout the UK.

13) The eighth witness statement, which is undated, is by Nancy Doyle a Chartered Occupational Psychologist and Director of Training Attention Ltd. Previously she held positions of Learning and Development Manager at Work Directions UK and Dyslexia Consultant at Right2Write. She states that she first became aware of the MS mark in 2002 used by Cricket Kemp as the brand for her technique of teaching spelling. Ms Doyle states that she purchased a booklet entitled MS. She states that the mark is well known to her and her colleagues as belonging to Ms Kemp.

14) The ninth witness statement, dated 17 January 2007, is by Caitlin Walker the Managing Director of Training Attention Ltd. She states that in 1996 she began teaching the MS strategy at NLP in Education practise groups, courses and presenting at educational conferences. She states that she worked in schools in London, Hull and South Tyneside using the MS strategy. She states that in 1998 she demonstrated the strategy to the former Prime Minister, Mr Blair. She states that the MS mark is well known in the UK NLP community and is used with Cricket Kemp's spelling strategy in a number of areas. She states that she has never heard of anyone, other than Ms Kemp, using the MS name.

15) Ms Walker states that:

“In October 2004 I discussed creating a “Magical Spelling” DVD with Isabelle Tracy from VOLCOM. I set up some sessions in Hull for Isabelle Tracy, demonstrating the “Magical Spelling “ spelling strategy. I told her at the time

that Cricket Kemp should be the lead on creating any DVD using “Magical Spelling”, since she owned it. Isabelle Tracy contacted Cricket Kemp regarding the DVD and it was clear that it was Cricket Kemp’s work and VOLCOM was funding the filming of it. At this time Isabelle Tracy fully acknowledged Cricket Kemp’s ownership of “Magical Spelling”.”

16) The tenth witness statement, dated 16 January 2007, is by Jan Kamacz the Group Organisation and Development Officer at Huntsman Tioxide. Previously she was a secondary school teacher and a Learning and Development Manager. She states that she first encountered the MS mark in 1997 when she was involved in delivering NLP training. She states that Cricket Kemp used the mark on handouts and flip chart notes as the name for her spelling strategy. She states that she was not aware of anyone else using the mark and that others in the field of education would recognise MS as the mark belonging to Cricket Kemp.

17) The eleventh witness statement, dated 13 January 2007, is by Graham Shaw the Managing Director of Vision Learning and Development Ltd. He states that he is a trainer and consultant in the field of psychology of communication. He states that he first became aware of the MS mark in 2000 when he trained with Cricket Kemp on an NLP course. He states that Ms Kemp’s course and handouts were entitled MS and that advertising literature for courses run by Ms Kemp carry the MS mark. He states that in his belief many in the NLP field would recognise MS as Cricket Kemp’s mark and that she also teaches outside the NLP context working with teachers, parents and children. He states that Cricket Kemp is the only one who he is aware of that uses the term MS.

18) The twelfth witness statement, dated 18 January 2007, is by Cricket Kemp, a Director of Magical Spelling Ltd, a position she has held since 8 December 2005 when the company was incorporated. She states that she began using the mark MS in the UK in 1989 at monthly spelling workshops. She states that she has used the mark for approximately sixteen years in the UK on instructional and teaching materials in relation to the spelling strategy that she developed. She states that she is a well known figure in the field of NLP in the UK and is known for having developed her MS spelling strategy. She states that since 1989 the mark MS has been used by herself and various not-for-profit organisations that she was involved with, all of whom were authorised by her to use the mark. She states that the MS mark has been used on instructional/ educational DVD’s, printed publications and teaching material and training courses, seminars and workshops. She states that she has used the mark in the South, North East and North West of England. She states that in 1999 a booklet entitled “MAGICAL SPELLING” was published and 5,000 copies have been sold to date to customers throughout the UK. She states that written materials bearing the MS mark have been issued to schools and teachers and have formed part of the NLP Practitioner Manual since 1989. In 1991 a certificate for completion of this course was launched which bore the mark MS.

19) She states that in 1994 Isabelle Tracy, Managing Director of the applicant company attended a workshop in London entitled “Magical Spelling and Other Learning Strategies”. She states that in 2004 Ms Tracy asked to produce a DVD of Ms Kemp’s MS strategy. She states that the mark MS was one that she created and had been using for over fifteen years. Ms Kemp states that Isabelle Tracy acknowledged

this and relied upon Ms Kemp for materials to include in the DVD. She states that Ms Tracy's role was funding and coordinating the creation of the DVD.

20) Ms Kemp says that she was filmed as part of the DVD project and that she signed a document in relation to this. She denies that any document signed by her in relation to the DVD project transferred intellectual property right to the applicant and asks for a copy of the "release" document to be filed as part of the applicant's evidence. She states that in discussion with Isabelle Tracy she agreed that the mark MS should be registered but that it would be in Ms Kemp's name. She states that Ms Tracy informed her that an agreement would be drafted but that neither she nor any of the other collaborators ever saw such a document. She states that she only became aware of the application in suit when she tried to register the mark herself.

21) Ms Kemp also provides the following exhibits:

- MS1: Copies of handouts from training courses in 1989. These are headed MS and states at the bottom of one of the instruction sheets "Now You're a Magical Speller".
- MS2: An Article from the Sunday Times, dated 1992, which details the spelling workshops that she was running. However, it does not mention the term or name MS. It also mentions that she taught Ian Berry about NLP.
- MS3: A copy of the certificate launched in 1991 which has subsequently been given to every student completing a course in MS spelling strategy. It states that "X would like to announce that Y is a MAGICAL SPELLER".
- MS4: A copy of an article published in the Cumberland and Westmoreland Gazette in November 1992. Although MS is not actually mentioned the headline is "A tricky bit of spelling sorcery". Another excerpt from this paper is provided at MS16 (2001) which mentions the MS mark.
- MS5: An excerpt from a national publication *Rapport* in 1994 detailing a workshop which was attended by Isabelle Tracy. This shows that the workshop was entitled "Magical Spelling and Other learning Strategies". Other excerpts from this magazine are provided at MS7 (1998), MS 11 (1999), MS 13 (2000), & MS 18 (2002). All of which mention the MS mark.
- MS6: Copies of pages from the NLP Northeast NLP practitioner Manual of 1995 with MS listed in the contents and a handout entitled MS on a numbered page from the manual.
- MS8: A copy of a feedback form from a MS workshop in 1998. This lists the speakers as Cricket Kemp and Ian Berry.
- MS9: A copy of a booklet entitled MS published in 1999. This lists the names of Cricket Kemp, Jenny Morgan, Ian Berry and Caitlin Walker on the front cover. It also has the address of the opponent shown. It also has a number of words printed around the edge which would appear to be words which might be considered to be "hard" to spell. The two sides are printed in a smaller

typeface and have eight and nine words printed along them. At the top, in bold typeface, there are six words, and at the bottom in a much larger typeface are two words “learning excellence”.

- MS10: An article dated December 1999 from *The Teacher*, a national publication, which notes that “Magical Spelling is educational consultant Cricket Kemp’s name for her spelling strategy”.
- MS 12: Copies of invoices for a MS workshop in 2000. Similarly MS 17 is an invoice for MS training and booklets dated 2001 and MS 28 invoices for workshops dated 2004 and 2005.
- MS 14: A copy of a NLP Northeast newsletter issued in October 2000 advertising MS workshops. Similarly, MS19 is a press release dated January 2002 advertising MS workshops. This lists as contacts Jenny Morgan and Cricket Kemp. The address shown is that of the opponent.
- MS 15: A copy of a poster used in 2001 bearing the MS mark. Similar posters from 2002 and 2003 are at MS 24.
- MS 20: An article from *The Herald* (a North West publication) detailing the use of the MS strategy in schools. This also states that “Mrs Morgan was introduced to the strategy by education consultant Cricket Kemp of Appleby”.
- MS 22: A copy of an original drawing commissioned for a new edition of MS in 2002.
- MS 25: a copy of a letter dated June 2004 regarding a research project for teachers, which shows use of MS mark.
- MS 26: A copy of an e mail from a parent in Leeds to the Radio Times re MS.
- MS 27: A copy of an application form for a course in December 2004 in Tyne & Wear which shows use of MS mark.
- MS 29: Copies of faxes relating to the ordering of pencils with the MS mark on them dated April and November 2005.
- MS 30: A copy of a contact card with details of an MS course and MS DVD, dated November 2005.
- MS 31: Copies of an updated booklet and certificate dated 2005 which both use the MS mark.
- MS 32: A copy of an e-mail from Isabelle Tracy of VOLCOM dated 24 June 2005, acknowledging that she saw Ms Kemp demonstrating the spelling strategy years previously and dealing with a phone call she made to the opponent when drunk.

- MS 33: A copy of a letter from the opponent to the applicant asking that the mark be assigned and that a licence would then be granted for use on the DVD. The letter states that otherwise opposition proceedings will be taken.

22) Lastly, Ms Kemp states that since the DVD MAGICAL SPELLING was promoted by VOLCOM in January 2007 she has received several enquiries about the product.

APPLICANT'S EVIDENCE

23) The applicant filed three witness statements. The first dated 19 April 2007, is by Isabelle Clare Tracy a Director of Voluntary and Community Sector Learning Consortium Ltd (t/a Volcom), a position she has held since July 2003. She states that she attended an NLP conference in the early 1990's and heard Ms Kemp speak. She remembered her unusual name, but not the details of the conference. She states that in 2003 she attended a NLP Practice Group meeting in order to commission some NLP practitioners to deliver some training. She states that on the 6 September 2003 she met Ian Berry and Jenny Morgan who gave her their contact details, including in Ms Morgan's case the website www.magicalspelling.com. She also states that they handed her two booklets including one entitled MS which she states was produced by an organisation called Learning Excellence. A copy of this is provided at exhibit ICT1 (it is identical to exhibit MS9). She states that this was the first time she remembers seeing the name "MAGICAL SPELLING". She states that Ian Berry was contracted to provide the training.

24) Ms Tracy states that on Ian Berry's recommendation she contacted Cricket Kemp to discuss NLP North East delivering an NLP Practitioner Level Training Course on behalf of Volcom. She states that NLP North East trainers, including Ian Berry and Cricket Kemp delivered the training in 2004 and 2005. The training manual used for these courses included a page on magical spelling which Ms Tracy states had no copyright mentioned on the page. She contrasts this to another page entitled Development and Feedback cycle which does have a copyright claimed by Ms Kemp. She provides copies at exhibit ICT4.

25) Ms Tracy states that from February 2005 Volcom employed Jenny Morgan to deliver Magical Spelling teaching to teachers and trainers in Hull. She states that she did this in good faith believing that Jenny Morgan, Ian Berry and Cricket Kemp were all entitled to use the name Magical Spelling in their teaching and training. It is clear from various documents filed at exhibit ICT5 that these were carried out under the MS name.

26) Ms Tracy states that she was asked by Cricket Kemp if Volcom would be interested in developing a video of MS. She states that she asked Ian Berry what he thought of the idea and states that he informed her that Cricket Kemp had discussed the idea with him on a number of occasions, even going so far as Mr Berry visiting a production facility, but nothing had come of these discussions. She states that a number of meetings between Cricket Kemp, Ian Berry, Jenny Morgan and herself then ensued. Ms Tracy states that she suggested that a joint venture to share profits between Volcom and NLP North East be agreed. She states that she made this offer as she believed that NLP North East was a not-for-profit company like Volcom. In April

2004 she produced a document for discussion covering various aspects such as who and what to film, joint marketing, design, trademarks etc. She states that the four individuals had lengthy discussions regarding the differences between copyright, moral rights, trademarks and brands. Various documents from these discussions covering the period December 2004 –March 2006 are filed at exhibit ICT6. It is clear from one of the emails that Magical Spelling Limited was as of March 2006 in being as it is reported that “Caitlin has resigned from the board” of this company.

27) Ms Tracy states that on 10 May 2005 she emailed Ms Kemp to enquire as to the status of NLP North East as part of the due diligence process prior to entering into a joint venture. She states that she also asked Ian Berry and Jenny Morgan the same questions and that both expressed “some concerns about the absence of legal and financial information that they each had about NLP North East and Learning Excellence”, of which they were members. She states that due to time pressures she proceeded with video production. She states that in June 2005 filming began with Cricket Kemp and Jenny Morgan, but Ian Berry could not be filmed until May 2006. She states that all three signed release forms and these are filed at exhibit ICT8.

28) Ms Tracy states that in November 2005 Cricket Kemp proposed the establishment of a new company. She states that it was her understanding that this company would be formed with Ian Berry and Jenny Morgan. She states that provided all three were in agreement regarding the setting up of this company, her company was willing to consider setting up a joint venture with the new company. Correspondence from Ms Kemp, filed at exhibit ICT9 provides the following description of these associations:

“NLP Northeast and Learning Experience are both ‘not for profit associations’, a bit like a working men’s club. When any of us does some work for either of them that actually makes money (sometimes we can’t even pay our expenses) we invoice those associations for our fee, and pay the tax from our own companies. Neither of the associations accumulates profit or capital.

We are setting up a new company called Magical Spelling, and I will have a chat with my accountant tomorrow about that, and let you know which entity the agreement should be with.”

29) Ms Tracy states that the a company was established in December 2005 which was limited by share and had four directors, one of whom was Caitlin Walker, Ms Kemp’s daughter. Ms Tracy states that as Ms Walker had not been involved in the original collaboration and was, separately, in dispute with Volcom the joint venture could not be agreed. She states that Cricket Kemp, Jenny Morgan and Ian Berry were all aware of the dispute between Ms Walker and Volcom. She states that as she was getting increasingly concerned about the ability of Kemp, Berry and Morgan to enter into a joint venture she decided to register the trade mark in order to protect Volcom. She also states that this had been agreed by Kemp, Berry and Morgan. She states that the opponent demanded 50% of the copyright of the Magical Spelling DVD, which was launched in January 2007. She states that Volcom’s aim was solely to promote MS to a wider audience of the state education sector. At exhibit ICT11 she provides copies of various pieces of correspondence.

30) Part of this exhibit includes an email from Jenny Morgan to Max Rumney of September Films. Ms Morgan states that she was taught Magical Spelling by Cricket Kemp. She states that NLP North East was a not for profit company run by Ms Kemp. She states that she worked with Kemp and Berry to promote MS. She also states that she and Berry were directors of Magical Spelling Ltd but resigned with some acrimony. She confirms that Ian Berry and Isabelle Tracy had discussions regarding registering the trade mark.

31) The second witness statement, dated 18 April 2007 is by Jennifer Morgan a teacher and trainer. She states that she has been teaching Magical Spelling since 1997. She states that she worked with Ms Kemp in promoting MS and the NLP techniques that it is based upon. She claims that she alone has taken the skills to more people in education than anyone else. She states that she collaborated upon the booklet published in the late 90s and referred to by other parties (see exhibits MS9 and ICT1). Interestingly, at exhibit JM4 this same booklet appears but this time with “Scuda Study Day, Saturday 20th April, The Lakes School” printed in the middle and the only name credited at the bottom, in very large print is ‘Jenny Morgan’ with ‘Learning Excellence’ underneath this. It also has Ms Morgan’s address at the base.

32) The third witness statement, dated 19 April 2007, is by Ian Berry who states that he is a former member of NLP North East and a former member of Learning Excellence and a former director of Magical Spelling Ltd. He states that he jointly developed the technique and the name MS with Cricket Kemp. He states that he also co-delivered the Magical Spelling presentation at the ANLP conference cited by Jo Hogg in an earlier witness statement (see paragraph 10). He states that he worked as a freelance trainer through NLP North East delivering training in NLP. He states that for the past eighteen years he has carried out training under the name of NLP Visual Spelling Strategy or Magical Spelling. He states that he has never been an employee of NLP North East or Volcom. Much of his evidence is related to copyright which is not relevant to this decision.

33) He states that during the months that he was a director of Magical Spelling he was not aware of plans to release a DVD.

CROSS EXAMINATION

34) The following witnesses were examined under oath during the hearing. Ms Kemp appeared to me to be a credible, truthful witness who did her best to answer the questions put to her in a straightforward and helpful manner. Ms Tracy seemed, in my opinion, to be somewhat vague and evasive at times. The following is a summary of the main points of their evidence.

Ms KEMP

35) Ms Kemp was very clear that she attended a training course in NLP and following this she came up with the idea of teaching spelling under the name Magical Spelling. She taught her technique to Ian Berry at some point in 1989. Following this he also taught the technique under the name MS. Over time the technique evolved with Ian Berry, Jenny Morgan and Caitlin Walker all adding to the original work by Ms Kemp which was itself based upon pioneering work by Robert Dilts. Ms Kemp was keen to

acknowledge the contribution of these colleagues to what now forms the method of teaching MS. It was explained that this is why the names of all four appear on items such as the booklet even though Ms Kemp was the one who sat down and physically wrote it. The MS name and teaching method was used by Messrs Kemp, Berry, Morgan and Walker amongst others. Usually bookings were made through one of two not for profit vehicles; NLP North East and Learning Excellence. It is clear that other trainers also used the method and name if one of the four could not attend the seminar. The companies, it was contended by the applicant, were in effect unincorporated members associations. However, it is not clear how many members they had, how membership was obtained or whether they had a constitution. This description was not challenged by the opponent other than she maintained that she had invented the term MS and allowed others such as Berry, Morgan and Walker to use the term. It also transpired that Ms Kemp was willing to share the trade mark registration with her collaborators and, at that time, friends. When discussions with Volcom over the contract bogged down over the exact status of NLP North East and Learning Excellence a Limited company was set up with Kemp, Walker, Berry and Morgan being Directors. This company is the opponent Magical Spelling Limited. Due to difficulties between Caitlin Walker's company Training Attention Ltd and Volcom, the applicant would not contract with the opponent whilst Walker was a director of the opponent company, Walker therefore resigned and subsequently so too did Morgan and Berry .

36) Ms Kemp was adamant that she did not at any time agree for the mark to be registered by the applicant. She also described how she was coerced into signing a release form with regard to her appearance on the video/DVD production by being presented with it just before filming was due to start and being informed that she could not appear if she did not sign.

Ms TRACY

37) Ms Tracy acknowledged that she believed the mark "Magical Spelling" to be owned by NLP North East which she believed was a not for profit company and an Unincorporated members Association. However, she also accepted that she made no attempt to ascertain the membership of this association, but simply worked on the assumption that it was Kemp, Berry and Morgan. Even though she was aware that Walker was also part of this group she did not seek her approval because of a separate dispute between Volcom and the legal entity Training Attention Limited. It was also clear from her answers to other questions that she was aware that a limited company is a separate legal entity from the person who is running it. She stated that she had received verbal agreement from Kemp to register the mark in suit in the name of Volcom. I find it difficult to reconcile this answer to the silence on this fundamental point in her written statement. Equally difficult to reconcile is the fact that Ms Tracy prepared heads of agreement regarding issues such as the trade mark and pursued for some time a written agreement between the parties involved in the film. She also prepared and made certain that the parties signed a waiver form prior to filming their part in the film. Yet on a fundamental issue such as the registering of a trade mark she simply claims to have received verbal confirmation and did not even make a written note of the precise date when these verbal agreements were provided. Her answers to who she was willing to contract with and why she sent out the heads of agreement to

individuals instead of the organisation that she acknowledged she felt owned the trade mark were also contradictory and confusing.

38) That concludes my review of the evidence. I now turn to the decision.

DECISION

39) At the hearing the opponent sought to file additional evidence of e-mails between the parties. I decided not to allow this evidence into the case at such a late stage as it would unduly prejudice the applicant.

40) I will first consider the ground under Section 3(6) which reads:

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

41) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that....

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

42) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“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 in order 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.”

43) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The following passage from Lord Hoffman’s judgment sets out the position as follows:-

“14....Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

“36. I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

15.....Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16....Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were.”

44) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s, and in particular Ms Tracy’s, state of mind, if I am satisfied that their (her) action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

45) It is abundantly clear that the applicant was aware that the mark in suit was owned by others. In her testimony Ms Tracy stated that the mark belonged to NLP North

East, personified by Kemp, Berry and Morgan. The very reason she was involved with them was because of their reputation in the NLP field. She had even attended at least one session where the mark was in use. Her claim to have obtained the verbal permission of Berry, Morgan and Kemp was made for the first time in the witness box. I find it difficult to accept that someone who states in her written statement that she had some knowledge of copyright, moral rights, trademarks and brands would not have referred to such agreements at the very outset.

46) There would appear to be an attempt in the statements to rely upon the fact that work was carried out by Ms Tracy's brother in designing the mark sought to be registered. Whilst the copyright for the mark in suit may reside with the applicant as it apparently paid for the work, there can be no doubt that the mark is the words "MAGICAL SPELLING" written across a star motif.

47) Equally the applicant contended that the consent form signed by Ms Kemp regarding the film she appeared in gave the applicant rights to the mark. In this form are the words "You agree to the recording and/or broadcasting and/or live relay of the contribution and hereby grant to us [Volcom] all consents necessary to enable us to make the fullest use of the contribution". It was suggested that the words "fullest use" require the applicant to own the trade mark and so Ms Kemp in signing the consent form agreed to the applicant registering the mark in suit. This is, to my mind, totally spurious. The consent form relates to the use of the filmed contribution by Ms Kemp. It cannot be taken as relating to anything other than her performance on film.

48) The applicant also contends that as a not for profit community organisation, any financial gain would be used to support its community work. It contends that no individual benefits and so it had no reason to act in bad faith. I would disagree with this view. It appears to me that having committed considerable resources to a project there was pressure to ensure that the project was successful. The contractual negotiations with Cricket Kemp, Jenny Morgan and Ian Berry had been somewhat tortuous and had not reached a conclusion. Without agreement the launch of the DVD was in jeopardy. Ms Tracy stood to "gain" by avoiding such problems. It was also contended that Morgan and Berry were in agreement with the application. If so, I cannot help but wonder why such an agreement is not referred to specifically in their statements. That they wish the DVD to succeed is not in doubt as they both appear to be motivated entirely by their desire to assist the education of others and seem to me to have acted selflessly in this issue.

49) Equally I believe that Cricket Kemp is similarly motivated to assist others, but having been awoken to the fact that intellectual property is a serious issue by the applicant she is unwilling to give up the rights to the title she invented. A consistent theme throughout her evidence was the collegiate spirit between herself, Morgan and Berry. This had clearly evolved into a friendship which has, sadly, been rent asunder.

50) The applicant was well aware that it had no rights in the mark in suit at the time of the application. It acted to protect its investment of time and resources in a project where the negotiations over issues such as trade marks, copyright etc had not been finalised. The initial justification set out in the written statements did not refer to any agreement by the opponent to allow the mark to be registered in the applicant's name.

This surely should have been the cornerstone of their defence. Instead, there was considerable obfuscation relating to consent forms and copyright.

51) I have no hesitation in finding that the applicant acted in bad faith in submitting its application. The ground of opposition under Section 3(6) succeeds.

52) In the light of this finding I have no need to consider the other ground of opposition under section 5(4)(a).

COSTS

53) As the opponent was successful it is entitled to a contribution towards its costs. I order the applicant to pay the opponent the sum of £3,000. 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 23rd day of October 2007

**George W Salthouse
For the Registrar,
the Comptroller-General**