

O-481-18

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. 3232139

**REGISTERED IN THE NAME OF KOBUS INNOVATION LIMITED AND IN
RESPECT OF THE FOLLOWING SERIES OF TWO TRADE MARKS**

kobus

AND

KOBUS

IN CLASSES 7, 35 AND 37

**AND IN THE MATTER OF AN APPLICATION FOR INVALIDATION UNDER NO
501792 BY KOBUS SERVICES LIMITED**

Background and pleadings

1) Kobus Innovation Limited is the proprietor of UK registration 3232139 for “kobus” and “KOBUS”, being a series of two trade marks (“the registration”). It applied for the registration on 18 May 2017 and the registration procedure was completed on 18 August 2017. The registration covers the following goods and services:

Class 7: *Machines and machine tools, compression machines and tools therefor, winches, heating devices, robotic cutters and tools therefor; all for use in the inspection, repair and/or replacement of pipework, especially underground pipework.*

Class 35: *Consultancy (Professional business -).*

Class 37: *Locating, inspecting and repairing pipework, in particular underground pipework, with or without the digging of holes and/or trenches.*

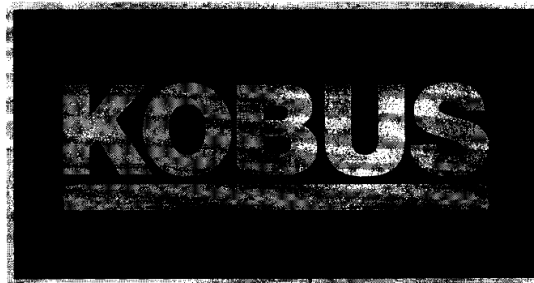
2) On 11 August 2017, Kobus Services Limited (hereafter “the applicant”) filed an application to partially invalidate the registration. The single ground of invalidation is that the registration offends under Section 5(4)(a) because use of the proprietor’s trade mark would amount to passing off. It is claimed that the applicant has an established goodwill throughout the UK since August 2010 in respect of the following list of goods and services:

Machines and machine tools; compression machines and tools, winches, for use in the inspection, repair and/or replacement of pipework, especially underground pipework;

Locating, inspecting and repairing pipework, in particular underground pipework with or without the digging of holes and/or trenches

3) The invalidation is against all the proprietor’s Class 7 goods and Class 37 services only. The applicant claims that:

- Trade mark 2370725 for the mark “KOBUS” was registered in August 2004 for goods and services identical, or similar, to the proprietor’s mark in these proceedings;
- The earlier trade mark was owned by an officer of the applicant and the entire right including the goodwill which had been acquired, was assigned to the applicant on 19 December 2013;
- Since that date it has established further goodwill by virtue of its continued use, in relation to the same of similar goods and services, of the signs “KOBUS”, “Kobus”, “kobus” and the following sign:



- As a result the relevant purchasing public recognise the sign “KOBUS” when used in relation to the relevant goods and services, as belonging to the applicant;
- Use of the mark applied for would be a misrepresentation to the public and result in financial damage to the aforementioned goodwill in terms of lost sales in the event that the relevant public purchase goods or services from the proprietor believing them to be the goods and services of the applicant.

4) Kobus Cilliers filed a counterstatement on behalf of the proprietor. He makes the following statements:

- First use of the mark was by himself in 2004 and was actually earlier than claimed by the applicant;
- It is admitted that the mark has been used for the goods and services described as well as other additional goods and services;

- It is admitted that trade mark 2370725 for the mark “KOBUS” was registered in August 2004, but adds that “the original registration was made by me personally and was kept while I was an officer of [the applicant]”;
- After Mr Cilliers left as an officer of the applicant, the trade mark registration was allowed to lapse and it expired in August 2014;
- It is denied that the mark and attached goodwill was assigned to the applicant on 19 December 2013. The mark and goodwill was owned by Mr Cilliers and he did not assign it. Rather, it remained in his name until the registration was marked “dead” in August 2015.

5) Only the applicant filed evidence. I will refer to this as I consider necessary and relevant. The proprietor filed written submissions that I will keep in mind, but not summarise. Neither side requested to be heard and I make my decision after a careful reading of all the papers.

6) The proprietor was not represented in these proceedings. The applicant was represented by Fairfield IP Limited.

Evidence

7) The applicant’s evidence takes the form of a witness statements by Simon Michael Drain, Managing Director of the applicant. The purpose of the witness statement is stated as to provide evidence of use of the trade mark “KOBUS” so as to prove the necessary goodwill and reputation.

DECISION

8) Section 5(4)(a) states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

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

9) Section 5(4)(a) is relevant in invalidation because of section 47, the relevant part of which reads:

47. - (1) [...]

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

(a) [...]

(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.

10) Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

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

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

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

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

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

11) Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

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

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

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

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

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

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

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

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

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

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

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

12) The earlier use by the claimant must relate to the use of the sign for the purposes of distinguishing goods or services. For example, merely decorative use of a sign on a T-shirt cannot found a passing off claim: *Wild Child Trade Mark* [1998] RPC 455 (AP)

The relevant date

13) Mr Daniel Alexander QC sitting as the Appointed Person in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11 quoted with approval the comments of Mr Allan James acting for the Registrar in *SWORDERS TM O-212-06* when he summarised the position in s.5(4)(a) proceedings as follows:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”

14) The challenged trade mark was applied for on 18 May 2017. This is the relevant date for assessing the issue of goodwill. The applicant made a claim in its counterstatement to antecedent use dating from an unspecified time in 2014. This second date may be of relevance and I keep it in mind.

Goodwill

15) In its counterstatement, the proprietor accepts that goodwill exists in respect of the goods and services relied upon by the applicant, but that this was retained by Mr Cilliers personally until the time that his mark was recorded as “dead” in August 2015. This position indicates a misunderstanding of the relationship between goodwill and a registered mark. Goodwill exists in a business and is independent of a registration of a trade mark. Therefore, the fate of the registered mark in the name of Mr Cilliers does not impact upon the existence or otherwise of goodwill.

16) However, even though it is common ground that there is goodwill attached to the sign “KOBUS”, I must ascertain who owns this goodwill. It is unclear what the proprietor’s position is regarding the ownership of the goodwill after August 2015, but there is no acceptance that the applicant is the owner from that time. The proprietor

denies that the mark and attached goodwill was assigned to the applicant on 19 December 2013. This suggests that the proprietor believes that Mr Cilliers remains the owner of the goodwill at least until August 2015.

17) Much of the applicant's evidence goes to the existence of goodwill. Certainly, the applicant's evidence supports the position of both sides namely that goodwill exists attached to the sign "KOBUS". As this is common ground, it is not necessary that I detail further the evidence on this point.

18) Central to resolving the parties' competing claims is whether goodwill was assigned on 19 December 2013, as claimed by the applicant. At Exhibit SMD10, Mr Drain provides a copy of this assignment. On its final page, alongside the words "Executed as a deed by Jacobus Cilliers" is a signature that resembles the signature of Kobus Cilliers that appears on the form TM8. It is also signed by Ian Martin, recorded as a director of the applicant. The relevant extracts are:

"2. Assignment

In consideration of the sum of £1 (receipt of which the Assignor expressly acknowledges), the Assignor hereby assigns to the Assignee absolutely with full title guarantee all its rights, title and interest in and to the Trade Marks, including:

- (a) The absolute entitlement to any registered trade marks granted pursuant to any of the applications comprised in the Trade Marks; and
- (b) **All statutory and common law rights attaching to the Trade Marks, together with the goodwill of the business relating to the goods or services in respect of which the Trade Marks are registered or used** [*my emphasis*]; and
- (c) The right to bring, make, oppose, defend proceedings, claims or actions and obtain relief (and to retain any damages recovered) in respect of any infringement, or any cause of action (including passing off) arising from ownership, of any of the Trade Marks whether occurring before, on or after the date of this agreement."

Reference to “the Trade Marks” is defined earlier in the document as “the registered trade marks short particulars of which are set out in Schedule 1”. Schedule 1 lists two trade marks, one of which is 2370725 KOBUS.

19) The proprietor has provided no evidence in support of its position. In his written submissions in support of the proprietor, Mr Cilliers disputes that the mark belongs to the applicant. He states that “I accept it is difficult for me to proof [sic] that I have signed the contracts under duress because all my correspondence to this fact was in emails send [sic] to various members of the KSL board via the KSL mail servers and I have no longer access to that records”. Mr Cilliers attached copies of emails to these submissions in support of this view, but choose not to regularise them under cover of a witness statement when given the opportunity to do so by letter of 10 May 2018. Consequently, these emails were not admitted into the proceedings.

20) In light of all of the above, the evidence demonstrates that all rights, including the goodwill required by the applicant to support its claim to passing off, were assigned to the applicant of 19 December 2013. Therefore, it had the requisite goodwill at the relevant date of 18 May 2017. Any claim to an antecedent right is defeated by the fact that the goodwill that may have vested with Mr Cilliers prior to 19 December 2013, was assigned to the applicant.

Misrepresentation and damage

21) In *Neutrogena Corporation and Another v Golden Limited and Another*, [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] *R.P.C.* 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the

public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."

And later in the same judgment:

"... for my part, I think that references, in this context, to "more than *de minimis* " and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

22) Also in *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473, Morritt L.J. stated that:

"The role of the court, including this court, was emphasised by *Lord Diplock in GE Trade Mark* [1973] R.P.C. 297 at page 321 where he said:

'where the goods are sold to the general public for consumption or domestic use, the question whether such buyers would be likely to be deceived or confused by the use of the trade mark is a "jury question". By that I mean: that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been

adduced but also to use their own common sense and to consider whether they would themselves be likely to be deceived or confused.

The question does not cease to be a “jury question” when the issue is tried by a judge alone or on appeal by a plurality of judges. The judge's approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself.”

23) Therefore, it is not necessary for the applicant to adduce evidence of misrepresentation. Rather it is an issue that I can decide based upon the facts of the case. In this respect, I note that Mr Cilliers does not dispute that the marks and the respective goods and services are the same. The issue in these proceedings is not whether competing goodwill being identified by different signs would result in misrepresentation and damage, but rather who owns a single goodwill identified by a single sign. I have already found that the applicant assigned this goodwill and the marks kobus and KOBUS in which the goodwill attaches. It follows that the registration of the same mark in the same field of activity will result in misrepresentation and damage.

24) In summary, the application to invalidate the proprietor's trade mark succeeds and the registration is invalidated in respect of all its Class 7 goods and Class 37 services. It remains on the register in respect of the unchallenged Class 35 services.

COSTS

25) The applicant has been successful and is entitled to a contribution towards its costs. Costs are normally awarded according to the published scale in Tribunal Practice Notice 2/2016. I take account that only the applicant provided evidence, that the proprietor provided written submissions and that no hearing was held. I award costs as follows:

Preparing statement and considering counterstatement (including official fee):	£500
Preparing evidence and considering written submissions:	£650
Total:	£1150

26) I order Kobus Innovation Limited to pay Kobus Services Limited the sum of £1150 which, in the absence of an appeal, should be paid within 14 days of the expiry of the appeal period.

Dated this 3rd day of August 2018

Mark Bryant
For the Registrar,
The Comptroller-General