O-269-08

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NOS 2431752 AND 2437217
BY WARREN PENFOLD AND NICHOLAS GILL
TO REGISTER THE TRADE MARKS:

TAYLOR HARVEY

AND

TAYLOR
HARVEY

IN CLASSES 35, 36, 37, 42 AND 45

AND

THE CONSOLIDATED OPPOSITIONS THERETO
UNDER NOS 95305 AND 95306
BY
MARK TAYLOR

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**In the matter of application nos 2431752 and 2437217
by Warren Penfold and Nicholas Gill
to register the trade marks:**

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**in classes 35, 36, 37, 42 and 45
and the consolidated oppositions thereto
under nos 95305 and 95306
by Mark Taylor**

Introduction

1) The applications and the oppositions are born of the acrimonious dissolution of a partnership of chartered surveyors. The partnership consisted of Messrs Mark Taylor, Warren Colin Penfold and Nicholas Jonathan Gill. The partnership, which traded under the name TAYLOR HARVEY, was dissolved with effect from 30 September 2006. The partnership had existed since April 2003, the equity in the partnership was divided in the following manner: Mr Taylor – 67.5%, Mr Penfold – 10%, Mr Gill – 22.5%.

2) Mr Taylor refers to the partnership as having been set up in April 1985, Mr Taylor and Mr Harvey Cohen being the partners, Mr Gill then "joined the partnership" in April 1997, Mr Cohen "left the partnership" in April 1997. I have used parentheses as there is an unfortunate conflation between a trading name and the partnerships trading under it. This is a matter dealt with at various times by *Lindley & Banks On Partnership* (eighteenth edition):

> 3-03 "This attitude is, if anything, encouraged by certain attributes displayed by a majority of firms, ranging from the adoption of a distinctive name which is unrelated to the names of the partners to the maintenance of a separate bank account in the firm name. Because of these attributes, changes in a firm tend to have no visible effect on its existence or on the continuity of its business; in short, partners may come and go but the firm *appears* to go on."

> 3-08 "Because the firm name represents no more than a convenient means of describing the partners who for the time being make up the firm, whenever the partners change that name must take on a new meaning."
>
> 3-37 "Where there is a change in the partners, the members of the "new" firm may quite properly agree with the members of the "old" firm that the partnership should be treated as continuing and that all existing rights and obligations should be effectively taken over by the new firm. However, so far as concerns third parties, such an agreement is *res inter alios acta*, unless they consent to be bound thereby."
>
> 9-14 "Where a new partner is admitted to a fixed term partnership, as a matter of law that partnership will determine and a new partnership will be created between the enlarged number of partners".

The House of Lords commented upon this in *Leather Cloth Co v American Leather Cloth Co* [1865] 11 ER 1435 HL:

> "[B]y the usage of trade, the name of a firm is understood not to be confined to those who first adopted it, but to extend to and include persons who have afterwards been introduced as partners, or persons to whom the original partners have transferred their business. The name of the firm continues to be used in many cases long after all the original traders have died, or ceased to have any interest in the concern, as in the great banking houses of *Child* and of *Coutts*, and many other mercantile houses… For the same reason, the use of the old trade mark of the firm by the new partners, or their successors…is no fraud upon the public; it is only a statement that the goods are the goods of the firm whose trade mark they bear."

In *Memec Plc v The Commissioners of Inland Revenue* [1998] EWCA 941 Gibson LJ listed the "relevant characteristics of an ordinary English Partnership" in these terms:

> "(1) the partnership is not a legal entity;
> (2) the partners carry on the business of the partnership in common with a view to profit (s.1(1) Partnership Act 1890);
> (3) each does so both as principal and (s.5 ibid.) as agent for each other, binding the firm and his partners in all matters within his authority;
> (4) every partner is liable jointly with the other partners for all debts and obligations of the firm (s.9 ibid.); and
> (5) the partners own the business, having a beneficial interest, in the form of an undivided share, in the partnership assets (MacKinlay v Arthur Young & Co. [1990] 2 A.C. 239 at p.249 per Lord Oliver), including any profits of the business."

So where Mr Taylor refers to one partnership, he is in fact referring to three partnerships, which all traded under the name TAYLOR HARVEY but were all different partnerships; none of which, of course, were legal entities. In these proceedings I am concerned with the effects of the dissolution of the last partnership.

3) Since the dissolution, the parties have been in dispute about the assets of the partnership, a dispute that has not been resolved. The parties have not indicated that the dispute has gone before the courts, on the opposition forms Mr Taylor does not identify any action before the courts.

4) It is not the best of situations to have these cases before me when the dispute has not been resolved. However, there is no indication that the dispute will be resolved in the near future and any resolution would not necessarily have an effect upon the outcome of these proceedings. It would not be appropriate to leave these cases pending indefinitely, pending an outcome to a dispute that might not even resolve the issues; the courts have decided that there is a public interest in disposing of applications for trade marks in an expeditious fashion[1]. A resolution of the dispute would not necessarily help to resolve the issues before me, anyway. Such a resolution, for example, would not tell me what the position was at the material date(s).

5) On 5 September 2006 Messrs Penfold and Gill applied to register the trade mark TAYLOR HARVEY for a variety of services in classes 35, 36, 37, 42 and 45[2]. On 31 October 2006 they made a further application, covering the same services, for the trade mark:

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[1] See *7 Eleven Inc v Helshaw Food Products Ltd* [2002] EWHC 1685 and *Bongrain SA's Trade Mark Application* [2005] RPC 14.

[2] Consultancy and advisory services relating to business; business management and administration of estates and landed property; agency services for the buying or selling, on commission, of personal property.

Real estate services; insurance services; estate agency; property valuation and management; mortgage services; financing of loans, financial management; trusteeship; capital and fund investments; finance for credit sales; fiduciary services; financial valuations; financial management; consultancy, advisory and information services relating to all the aforesaid.

Advising on the condition, maintenance, alteration and improvement of buildings and their services.

Legal services; surveying and building inspection services; surveying the fabric of buildings and their services; consultancy, advisory and information services relating to the aforesaid.

Property security services; consultancy, advisory and information services relating to the aforesaid.

TAYLOR
HARVEY

6) Mr Taylor has objected to the registration of the trade marks on the basis of sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 (the Act).

7) Section 5(4)(a) of the Act states:

> "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,"

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

> "The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

8) Section 3(6) of the Act states:

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

9) Mr Taylor claims that the trade marks are well-known within the meaning of the Act for chartered surveyor services in Greater London and the Home

Counties. There is certainly no evidence to substantiate the claim that the trade marks are well-known in the terms of the Act. The reference to well-known trade marks in the terms of the Act appears misconceived, well-known trade marks fall within the terms of section 6(1)(c) of the Act[3] and can, consequently, form the basis of opposition based upon sections 5(1), 5(2) and 5(3) of the Act; grounds which have not been pleaded. No evidence has been furnished that could in any way, shape or form substantiate the claim that the trade marks are well-known.

10) Mr Taylor goes on to claim that in the deed of partnership dated 28 May 1997 "the goodwill in the Mark and all property and other rights in the Mark are vested exclusively in the Partnership". Mr Taylor states that the issue of ownership of the partnership assets is the subject of continuing litigation between the parties (although at the same time stating that there are no proceedings before the courts). He claims that that at the time of the dissolution of the partnership the trade marks were an asset of the partnership of considerable value. However, due to the nature of the dissolution, no provisions were made between the parties in relation to the future use of the trade marks and the respective ownership of the partnership's assets. He claims that, as no agreement has been reached between the parties in relation to the ownership and future use of the trade marks, ownership and the right to use the trade marks are related to the proportions of the equity ownership of the partnership with himself enjoying a controlling majority ownership "of that asset". Mr Taylor states that Messrs Penfold and Gill were well aware that the issues relating to the ownership and future use of the trade marks had not been resolved. Messrs Gill and Penfold, nonetheless, proceeded with the applications to register the trade marks without reference to Mr Taylor, despite the fact that they are not owners of the trade marks and that Mr Taylor is "the remaining founding partner who originally formed the Partnership" and that he owned the majority interest in the partnership and, therefore, the "preponderant" interest in the trade marks. Mr Taylor claims that, consequently, the applications were made in bad faith and so registration of the trade marks would be contrary to section 3(6) of the Act.

11) Messrs Penfold and Gill claim that at the time the partnership was breaking up Mr Taylor told them that "despite their rights in the name" he intended to use the name TAYLOR HARVEY after the partnership was dissolved. They claim that such use would be entirely detrimental to their rights and their business intentions and they had legitimate concerns in relation to this. Messrs Penfold and Gill state that their concerns were increased when they learnt that Mr Taylor, before the break up of the partnership, and without their knowledge, had registered a company called Taylor Harvey Limited (company number 5742477). They state that the formation of a company using that name combined with the deliberate withholding of this information from them is clearly suspicious. Messrs

[3] "a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark."

Penfold and Gill state that at the point that the partnership was breaking up Mr Taylor clearly believed that he was entitled to the name, which they state is at odds with his current position. They believed that their claim to ownership of the trade marks was as strong, if not stronger, than that of Mr Taylor and they were concerned at Mr Taylor's "underhand attempts to misappropriate the mark". As a result they submitted their own applications to protect their positions and their ownership or share of the ownership of the trade marks. Messrs Penfold and Gill claim that at the time of the dissolution of the partnership that the solicitors acting on behalf of Mr Taylor claimed that the name had no value and that Mr Taylor was entitled to carry on business using the name. They state that this is at odds with Mr Taylor's claim that the name is an asset of "considerable worth and value". Messrs Penfold and Gill state that to categorise the sporadic and delaying tactics employed by the solicitors acting on behalf of Mr Taylor as "ongoing litigation" is misleading to the extreme. They state:

> "It is not denied that in terms of a financial value in the name, the Opponent would have a larger share if it is a jointly held asset, however in respect of the Trade Mark as an ongoing right this equity relationship does not give the Proprietor greater rights than another co-proprietor."

Messrs Penfold and Gill state that they have not used the trade marks, "pending resolution of this matter". They state that Mr Taylor has made significant attempts to appropriate the goodwill surrounding the name TAYLOR HARVEY. They state that Mr Taylor has made use of the trading name MARK TAYLOR presented in a format identical to the TAYLOR HARVEY logo, the subject of application no 2437217. Messrs Penfold and Gill claim that in such circumstances it is Mr Taylor who has acted in bad faith "by way of his cavalier and changeable attitude towards the ownership of the TAYLOR HARVEY name, and his attempts to misappropriate goodwill surrounding that name".

12) Messrs Penfold and Gill state that Mr Taylor has submitted an application for registration of the trade mark TAYLOR HARVEY, the subject of application no 2458460. (The registration has been opposed by Messrs Penfold and Gill, as at the time of writing no counterstatement has been received, I consider that it would not be appropriate to delay dealing with these cases, whilst awaiting the other case to "catch-up". The outcome of this case will also have a direct effect upon some of the grounds of the opposition in relation to no 2458460.)

13) Mr Taylor claims that use of the trade marks would be without due cause and would take unfair advantage of, or would be detrimental to, the goodwill and reputation of "the mark". I am not sure what he means by "the mark". The wording used relates to section 5(3) of the Act, as Mr Taylor does not have an earlier trade mark as per section 6 of the Act he cannot succeed under section 5(3) of the Act. (Mr Taylor has made no specific reference to section 5(3) of the Act.)

14) Mr Taylor claims that any use by Messrs Penfold and Gill of the trade marks "in relation to any of the services that the Mark has traded under will be a misrepresentation that is liable to cause confusion in the minds of customers in respect of the identity of the partners running the Partnership and would constitute an actionable "passing off" that could be restrained by the persons owning and seeking to preserve the value of the Partnership assets including the Mark." Consequently, Mr Taylor claims that registration of the trade marks would be contrary to section 5(4)(a) of the Act.

15) Messrs Penfold and Gill state that if goodwill does exist it would have to be proved as to whom it belongs. They claim that if it does exist it must belong either to the partnership or the partners individually. In either case it is inappropriate for Mr Taylor to bring a claim on the basis of passing-off as he cannot act for the partnership, if it belongs to it, and if it belongs to the previous partners individually it is not passing-off for them to use the name. Messrs Penfold and Gill state that in small partnerships goodwill is very much based on personal relationships. Consequently, the nature of a client's relationship with a partnership is often based upon the relationship with a particular partner. As a consequence, the equity ownership of one partner will not outweigh the reputation associated with the work and client relationship of other partners. They state that in these cases one partner is claiming greater rights than two partners "but it is unlikely that a preponderance of goodwill exists in his capacity that could prevent the use by the Applicants of the Mark [s]".

16) Messrs Penfold and Gill state that their attempts to discuss and resolve the underlying issues have failed due to Mr Taylor's unwillingness to enter into discussions or to compromise in any way. They state that they are prepared to allow Mr Taylor to become a joint owner of the applications, subject to agreement between the parties as to the use that may be made of the trade marks. Messrs Penfold and Gill state that they are willing to discuss this and other partnership issues with Mr Taylor.

17) In the pleadings, the evidence and the written submissions, the parties appear to believe that it is possible to have a monopoly in a sign that has not been registered as a trade mark. This is simply not the case. As Parker J in *Burberrys v J C Cording & Co Ld* [1909] 26 RPC 693 stated:

> "The principles of law applicable to a case of this sort are well known. On the one hand, apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name. On the other hand, no one is entitled by the use of any word or name, or indeed in any other way, to represent his goods as being the goods of another to that other's injury. It an injunction be granted restraining the use of a word or name, it is no doubt granted to protect property, but the property, to protect which it is granted, is not property in the word or name, but the property in the trade or good-will which will be injured by its use. If the use of a word or a name

> be restrained, it can only be on the ground that such use involves a misrepresentation, and that such misrepresentation has injured, or is calculated to injure another in his trade or business."

Millett LJ in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 stated:

> "It is well settled that (unless registered as a trade mark) no one has a monopoly in his brand name or get up, however familiar these may be. Passing off is a wrongful invasion of a right of property vested in the plaintiff; but the property which is protected by an action for passing off is not the plaintiff's proprietary right in the name or get up which the defendant has misappropriated but the goodwill and reputation of his business which is likely to be harmed by the defendant's misrepresentation: see *Reddaway v. Banham* [1896] A.C. 199 per Lord Herschell; *Spalding v. Gamage* (1915) 32 R.P.C. 273 at page 284 per Lord Parker; H*.P. Bulmer Ltd. and Showerings Ltd. v. J. Bollinger SA and Champagne Lanson Pere et Fils (the Bollinger case)* [1978] R.P.C. 79 at page 93-4 per Buckley L.J."

Passing-off is about the goodwill of a business, and the passing-off relates to the use of some sign or other indication that would mislead in relation to this goodwill. It is the goodwill that is key. (The application for a trade mark and an unregistered trade mark are not to be conflated; an application is an item of property[4] whilst the trade mark, the subject of the application, is not property until if and when it is registered.)

18) Mr Taylor states that at the break up of the partnership he had stated his intention to continue to use the name TAYLOR HARVEY. However, he did not subsequently take any action to start trading on his own as TAYLOR HARVEY. Messrs Penfold and Gill contend that this is untrue. Exhibited at PG2 to their witness statement is a copy of a facsimile transmission to CFP Support dated 19 October 2006. This bears the MARK TAYLOR logo, beneath this, written by hand, are the words "INCORPORATING TAYLOR HARVEY". In his evidence in

[4] See: *Anheuser-Busch Inc v Portugal* ECHR 73049/01:

" These elements taken as a whole suggest that the applicant company's legal position as an applicant for the registration of a trade mark came within Article 1 of Protocol No. 1, as it gave rise to interests of a proprietary nature. It is true that the registration of the mark – and the greater protection it afforded – would only become final if the mark did not infringe legitimate third-party rights, so that, in that sense, the rights attached to an application for registration were conditional. Nevertheless, when it filed its application for registration, the applicant company was entitled to expect that it would be examined under the applicable legislation if it satisfied the other relevant substantive and procedural conditions. The applicant company therefore owned a set of proprietary rights – linked to its application for the registration of a trade mark – that were recognised under Portuguese law, even though they could be revoked under certain conditions. This suffices to make Article 1 of Protocol No 1 applicable in the instant case and to make it unnecessary for the Court to examine whether the applicant company could claim to have had a "legitimate expectation"."

reply, Mr Taylor states that the handwritten addition was made by an employee without instruction. He states that the facsimile transmission was sent to a software house that provides property management support to his business. The undertaking was not a client of the partnership nor is it a client of Mr Taylor's new practice. Mr Taylor states that he was not aware of the communication until it was brought to his attention by Messrs Penfold and Gill. The employee informed him that she had only added the words "INCORPORATING TAYLOR HARVEY" to identify the source of the correspondence. Mr Taylor states that this was an innocent reference and he does not consider that this can be considered to be "trading under the Mark". In their written submissions Messrs Penfold and Gill refer to this as utilising "the wording 'incorporating Taylor Harvey' on his headed paper". Messrs Penfold and Gill exhibit at PG3 copies of stationery, juxtaposing the MARK TAYLOR logo and the TAYLOR HARVEY logo; an example is given below:

MARK TAYLOR
Chartered Surveyors

TAYLOR HARVEY
Chartered Surveyors

Messrs Penfold and Gill state that this usage shows that Mr Taylor's intention is to confuse the public and to gain financial and professional advantage from the trade mark and logo.

19) Following the dissolution of the partnership, Mr Taylor states that he commenced trading under his own name, MARK TAYLOR. Exhibited at MT1 is a copy of a template for letter written by Mr Taylor and issued on 26 September 2006. The letter advises of the dissolution of the partnership. It advises that Mr Taylor will be staying at the premises from which the partnership operated and that his original partner, Mr Cohen, will be a consultant for the new practice. Mr Taylor states in his evidence that since the dissolution of the partnership he has taken the lease of the premises, with the agreement of Messrs Penfold and Gill. The letter also advises that the partnership will have to exercise a lien on files until any outstanding fees have been paid. An enclosure with the letter asks the recipient to whom, subject to any lien, existing files should be transferred; it gives three options: Mr Taylor, Messrs Penfold and Gill or a new surveyor. The enclosure also includes an instruction to have any funds held in credit to be transferred to the relevant client account. Messrs Penfold and Gill state that this letter was sent without their authority. They state that it "purposely fails to make the statement that the *partnership* of "TAYLOR HARVEY" will be dissolved". I am not sure what the point that Messrs Penfold and Gill are trying make. The letter states that the partnership will be dissolved, so it will not exist, and that Mr Taylor will practice in his own right. Exhibited at MT1 to the second statement of Mr Taylor is a copy of a template for a letter, dated 29 September 2006, which was sent to all of the partnership's property management clients. It was from all

three partners and advised of the dissolution of the business and that the practice would cease. Messrs Penfold and Gill state that after the dissolution of the partnership Mr Taylor used the MARK TAYLOR logo in conjunction with the partnership's telephone and facsimile transmission numbers. Mr Taylor admits that the logo shown in exhibit PG3 is that used by him. He states that the design and creation of the logo for the partnership TAYLOR HARVEY was undertaken by him in collaboration with a designer for and on behalf of the partnership in 1995. He states that if any copyright or trade mark right subsists in the design it would be owned by the partnership. The matter of the copyright is not as simple as Mr Taylor indicates, the copyright could, in fact, be owned by the designer; there might be an issue as to ownership in law and ownership in equity. However, there is no evidence in relation to this matter and nothing turns upon it, taking into account the actual cases pleaded. There are certainly no grounds of opposition under section 5(4)(b) of the Act. Messrs Penfold and Gill state that Mr Cohen was then and still is retired; they claim that this is another clear indication of Mr Taylor's attempt to mislead the public.

20) Mr Taylor states that Taylor Harvey Limited (company number 5742477) was registered on 14 March 2006 by members of his family without consulting him and that he had no knowledge of this until after the registration. Details of the company registration are exhibited at MT2 to the first statement of Mr Taylor. These show the date of incorporation as 14 March 2006. The company secretary is a Mr Howard Taylor and the sole director is Ms Ruth Kremer; the company is shown as being dormant. Mr Taylor states that he does not own shares in the company and never had an intention of trading through it. He states that he has no connection to the company, other than that the officers are members of his family. Messrs Penfold and Gill state that the officers are siblings of Mr Taylor. They consider it implausible that they should set up the company without his knowledge and consent. In his second witness statement Mr Taylor reiterates what he has previously stated about the incorporation of the company. To counter the interpretation of Messrs Penfold and Gill it would have been far more convincing if Mr Taylor had obtained witness statements from the two officers. Mr Taylor states that as part of the dissolution negotiations he proposed to Messrs Penfold and Gill, through his solicitors, that his family members transfer ownership of the company to the joint names of all members of the partnership on the condition that the ownership of the trade mark applications was also so transferred. He states that Messrs Penfold and Gill have refused to respond. Messrs Penfold and Gill state that no evidence of such an offer has ever been made. The purport of their statement is unclear; they do not directly state that no such offer was made. I am unclear as to what Mr Taylor means by transfer of the ownership of the company; does he mean that they will become officers or shareholders? Messrs Penfold and Gill exhibit at PG5 to their witness statement, a copy of a page downloaded from a BT on-line telephone directory on 23 April 2008. This shows Taylor Harvey Ltd at Mr Taylor's business address. Messrs Penfold and Gill state that the company may be dormant but that this is further evidence to show Mr Taylor's intention to trade as TAYLOR HARVEY,

thereby misleading the public for his own personal financial and professional gain. In his second witness statement Mr Taylor states that he is not aware of how BT came to make this entry. He states that he wrote to BT on 28 January 2008 to query the presence of the company name. A copy of a letter is exhibited at MT2 to his second statement. This advises that the BT bills are in the name of Mark Taylor Chartered Surveyors and asks to be advised who has registered the company name at his telephone and facsimile transmission numbers. He states that as of 25 July 2008 he has not received a reply from BT. I am somewhat surprised that in the intervening six months he has not chased up the letter nor telephoned BT about this matter.

21) Mr Taylor states that with the knowledge of Messrs Penfold and Gill he has used TAYLOR HARVEY headed notepaper in relation to the winding-up of the company. He is insistent that, despite an original intention to trade under the TAYLOR HARVEY name, he has never done so. Messrs Penfold and Gill exhibit at PG6 copies of three letters dated 18 and 19 July 2007 sent by them to Mr Taylor. In the letter of 19 July 2007 they object to the use of the partnership's headed paper and advise that if this practice continues they will complain to the Royal Institution of Chartered Surveyors (RICS). They state that they have made a complaint to the RICS and Mr Taylor confirms this. A letter dated 18 July 2007 in the exhibit refers to the Taylor Harvey website still being operational with no indication that the partnership has been dissolved and still referring to all three members of the partnership. Mr Taylor does not comment on the content of the latter letter in his evidence in reply. Mr Taylor concurs that Messrs Penfold and Gill have requested him not to use the partnership's headed paper. Exhibited at MT3 to Mr Taylor's second statement is a copy of what he describes as an example of the letters that he has been sending out using the name TAYLOR HARVEY. The letter is a request for the payment of an outstanding account and is signed by Mr Taylor "for and on behalf of Taylor Harvey (In Dissolution)". Mr Taylor states that it is clear that the letter is in no way a communication to the public. He states that the winding-up of the partnership has still to be completed and he has had to deal with the winding-up formalities with virtually no co-operation from Messrs Penfold and Gill, particularly in relation to the collection of fees due to the partnership.

22) Mr Taylor states that prior to the filing of the oppositions his solicitors wrote to the representatives of Messrs Penfold and Gill with a proposal that the trade marks should be jointly owned by all parties. A copy of the letter, dated 1 May 2007, is exhibited at MT3. The basis of the offer is given below:

> "…. we have concluded that the best solution for all parties would be to arrive at a form of joint ownership of the trade mark with each party undertaking not to use the mark without the other's consent."

Mr Taylor states that despite correspondence between the representatives of the parties, Messrs Penfold and Gill were not willing to address the issue of joint ownership but sought to use the applications as a bargaining tool in relation to various outstanding issues arising from the dissolution of the partnership. Messrs Penfold and Gill state that it was only the registering (sic) of the name TAYLOR HARVEY that stopped Mr Taylor using it himself. Messrs Penfold and Gill state that they did not act intransigently; it was Mr Taylor who was unwilling to enter into realistic discussions. Exhibited at PG7 are copies of letters from Messrs Penfold and Gill to the two sets of solicitors who have been acting for Mr Taylor; the letters are dated 6 and 18 September 2007. In the first letter Messrs Penfold and Gill write that they have proposed meetings on five occasions without receiving a positive response. In the letter of 18 September 2007 the following is written:

> "We have on a number of occasions, both verbally and in writing, confirmed we would be prepared to have joint ownership of the Trademark with your client on the basis that each party undertake not to use the mark without the others consent. For the avoidance of doubt this is the "best solution" as detailed in your letter of the 1 May 2007.
>
> This offer remains on the table. The stumbling block appears to be our assertion that your client is deliberately "trading off" as Taylor Harvey by use of the logo as detailed in our open correspondence of 25 June and 18 July 2007 and his registration in his family's name of the name Taylor Harvey Ltd. By use of the logo we contend this is a misrepresentation that is liable to cause confusion in the minds of customers in the respect of the identity of the practice and constitutes an actionable "passing off"."

(In the evidence and submissions of Messrs Penfold and Gill there are various references to "trading off", it is not a term that I understand.) Another letter from Messrs Penfold and Gill to Mr Taylor's solicitors, dated 25 June 2007, is exhibited at PG8. The following, inter alia, is written:

> "Your client is trading under the style and logo of the former partnership, currently retains the former partnership telephone number, fax number, partnership BMW motor car, partnership server and control of all historical files, plus has retained the valuable management clients, being a source of regular guaranteed "income". We on the other hand have had to start completely afresh with no such advantages and are consequently disappointed that your client now seeks to try and muscle "control" of the Taylor Harvey name and logo to fully re-establish himself as Taylor Harvey with all the benefits that would accrue.
>
> Throughout these negotiations we have made it clear to both your client and his other solicitors, that we do not propose to trade as Taylor Harvey nor utilise the logo style, our position being entirely defensive."

23) Mr Taylor states that the deed of partnership dated 28 May 1997 between Mr Cohen, Mr Gill and Mr Taylor states in clause 2.1 that the name of the partnership is TAYLOR HARVEY and in clause 2.2 that "all proprietary and other rights in the name of the Partnership are vested exclusively in the Partnership". Mr Penfold subsequently became a member of the partnership through a deed of variation dated 10 October 2003. Messrs Penfold and Gill concur with this statement. (I considered whether I should require the deed of partnership and variation admitted into evidence. In the end I decided that I could decide the case without seeing these documents.)

24) Mr Taylor states that the applications the subject of these oppositions should have been made in the joint names of the members of the dissolved partnership. He states that if Messrs Penfold and Gill agreed to this he would transfer his trade mark application for TAYLOR HARVEY into the joint names of all the parties. He states that he would also approach his family members, who control Taylor Harvey Ltd, with the aim of changing the name of that entity or dissolving the company altogether. Messrs Penfold and Gill state that Mr Taylor is not agreeing to cease "trading off" the reputation of TAYLOR HARVEY. They state that shared ownership of the trade mark logo would be interpreted by him as permission to use the TAYLOR HARVEY logo and name to their financial and professional detriment as the former partners of TAYLOR HARVEY. Messrs Penfold and Gill state:

> "We contend that by applying to register the Marks and not attempting to benefit from the former registration we are defending the rights of the partnership to protect the Trademark and Logo to enable a sale on the open market for the benefit of the members of the former partnership."

I do not know to what "the former registration" refers.

25) Both sides furnished written submissions, in lieu of attending a hearing. These reiterated what had been said in the evidence; neither of the submissions made any reference to any legal authority in relation to the grounds of opposition. In the evidence and the submissions the key issues of the law have been lost in the fog of recriminations and suspicion. Messrs Penfold and Gill consider that Mr Taylor has been acting in an underhand manner; they see evidence of this in the registration of the company name by his relatives, the BT telephone book entry, the website and the get up of the logo that he now trades under. They also consider that Mr Taylor has not wanted to negotiate seriously in relation to the dissolution of the partnership. Mr Taylor has responded to most of the these matters. For the purposes of this decision I do not have to decide whose version of events and whose interpretation of the events is the more inherently probable.

Section 3(6) of the Act – bad faith

26) Bad faith includes dishonesty and "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined[5]". Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable[6]. It is necessary to apply what is referred to as the "combined test"[7]. This requires me to decide what Messrs Penfold and Gill knew at the time of making the applications and then, in the light of that knowledge, whether the behaviour fell short of acceptable commercial behaviour. Bad faith has to be considered as of the date of application, although later behaviour may assist in interpreting the state of the minds of the applicants at the dates of application[8]. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation[9]. The more serious the allegation the more cogent must be the evidence to support it[10]. However, the matter still has to be decided upon the balance of probabilities.

27) My rôle is limited to the examination of the facts, evidence and arguments provided by the parties and to the relief sought[11]. The statement in the letter exhibited at PG8 (see paragraph 22) from Messrs Penfold and Gill to Mr Taylor's solicitors, dated 25 June 2007, "that we do not propose to trade as Taylor Harvey nor utilise the logo style, our position being entirely defensive", could be indicative of bad faith, as in making the applications Messrs Penfold and Gill stated that they were using the trade marks or had a bona fide intention to use

[5] *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

[6] *Harrison v Teton Valley Trading Co* [2005] FSR 10.

[7] *(1) Barlow Clowes International Ltd. (in liquidation) (2) Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and *Ajit Weekly Trade Mark* [2006] RPC 25.

[8] Mr David Kitchin QC, sitting as the appointed person, in *Ferrero SpA's Trade Marks* [2004] RPC 29:

"Bad faith must therefore be established as at the date of the application. Nevertheless I do not believe this excludes from consideration matters which have occurred after the date of the application. They may well assist in determining the state of mind of the applicant at the date of the application. In the present case the hearing officer certainly did take into consideration matters which fell after the relevant filing dates."

[9] *Royal Enfield Trade Marks* [2002] RPC 24.

[10] *Re H (minors)* [1996] AC 563.

[11] The legal principle of *iudex judicare debet secundum allegata et probata partibus*.

them[12]. Mr Taylor has not based his claim under section 3(6) on a lack of intention to use and so I cannot make a finding on this unpleaded basis. The basis of the claim of Mr Taylor is that with the dissolution of the partnership, or prospective dissolution of the partnership, it was an act of bad faith for two of the partners to make applications for the registration of the trade marks under which the partnership had traded.

28) I do not think that there can be any doubt that Messrs Penfold and Gill knew at the time that they made the applications that there was a dispute in relation to the dissolution of the partnership. One of the matters in dispute was the use of the partnership's name. By making these applications they were applying for monopoly rights in the trade marks; a right which would allow them to take infringement actions and sell the applications or the registrations. They did not tell Mr Taylor what they were doing. They appear to consider that their behaviour in making the applications was acceptable owing to the previous actions of Mr Taylor. The evidence shows that theoretically the parties are willing to have joint ownership of the applications; from the evidence before me, this prospect appears highly theoretical. Be that as it may, the possibility of joint ownership by the parties does not alter my interpretation of the action of making the applications. The letter exhibited PG8 cannot be interpreted as anything other than showing that the applications were made in order that they could be used as a bargaining tool in the negotiations about the dissolution of the partnership.

29) So at the date of the applications Messrs Penfold and Gill knew that the use of the trade marks was a matter of dispute, they accept that Mr Taylor has some right to them, they did not advise Mr Taylor of their applications. Application no 2431752 was even made before the dissolution of the partnership. In the acrimony and turmoil of the dissolution Messrs Penfold and Gill might have considered this acceptable behaviour but the test is not the test of pure subjectivity, the Robin Hood test, but the combined test. Messrs Penfold and Gill's view of the behaviour of Mr Taylor cannot act as a justification of their behaviour; I have to judge their behaviour through the prism of acceptable commercial behaviour, not through the prism of an acrimonious dispute. In making the applications their behaviour fell short of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined. It may be that the applications were made as a result of annoyance, frustration and even desperation; that might be understandable, it does not, however, make the actions acceptable.

30) The applications were made in bad faith and registration of the applications is to be refused under section 3(6) of the Act.

[12] See the decision of Mr David Kitchin QC, sitting as the appointed person, in *Ferrero SpA's Trade Marks* [2004] RPC 29.

Section 5(4)(a) of the Act – passing-off

31) It is necessary to decide what the material date in relation to the claim of passing-off is. It is well established that this date is the date of the behaviour complained of[13]. Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

> "rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark."

Consequently, the dates for the purposes of these proceedings cannot be after the dates of application. Messrs Penfold and Gill say, and it has not been contradicted, that they have not used the trade marks (nor have any intention to use them). So the material dates must be the dates of application. In the case of application no 2431752 the date of application is prior to the date of the dissolution of the partnership.

32) In their submissions Messrs Penfold and Gill write that Mr Taylor has not proved the existence of any goodwill This strikes me as somewhat bizarre as one of the main issues in the dispute about the dissolution of the partnership is as to the ownership of the goodwill. The parties have taken it as a given that there was a goodwill in the partnership. The "ownership" of the trade marks is a question of the goodwill of the business, as one cannot own an unregistered trade mark. By staying in the premises and retaining the facsimile and telephone numbers the "cat goodwill[14]" of the former business has effectively already accrued to Mr Taylor. In passing-off cases one is considering the "dog goodwill".

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[13] *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9.

[14] Primrose Mroczkowski in *"THE CAT, THE DOG, THE RAT AND THE RABBIT": IDENTIFYING AND VALUING "GOODWILL" AFTER FC OF T V MURRY – Journal of Australian Taxation* July/August 1999:

"This is a reference to the zoological classification of custom (or goodwill) into those categories in *Whiteman Smith Motor Co v Chaplin* [1934] 2 KB 35, 42 ("*Whiteman*"). The cat, rat and dog classification appears to be the work of a counsel in the case, a Mr SPJ Merlin. Maugham LJ, a judge in *Whiteman*, introduced the rabbit classification. When referring to this classification. Rich J in *FC of T v Williamson* (1943) 67 CLR 561, 564 ("*Williamson*") held that "[t]he cat prefers the old home to the person who keeps it, and stays in the old home although the person who has kept the home leaves, and so it represents the customer who goes to the old shop whoever keeps it, and provides the local goodwill. The faithful dog is attached to the person rather than to the place; it will follow the outgoing owner if he does not go too far. The rat has no attachments, and is purely casual. The rabbit is attracted by mere propinquity. It comes because it happens to live close by and it would be more trouble to go elsewhere. These categories serve as a reminder that the goodwill is a composite thing referable in part to its locality, in part to the way in which it is conducted and the personality of those who conduct it, and in part to the likelihood of competition, many customers being no doubt actuated by mixed motives in conferring their custom." In *Kirby v*

33) The question before me is as to whether Mr Taylor would be able to prevent Messrs Penfold and Gill using the trade marks on the basis of the law of passing-off. It is well established law that it does not require all those who have a locus standi in a case to join passing-off proceedings[15], so there is no bar to Mr Taylor bringing an action against Messrs Penfold and Gill. He does not need Messrs Penfold and Gill to join him; it would be somewhat surprising if they were willing so to do. (Although, as they were part of the partnership this is a somewhat odd situation.) The goodwill of the firm rests with the three partners as a partnership. The attractive force[16] was (or is) the firm, it is the firm that owns that goodwill and not one or more individuals in that firm; subject to a dissolution agreement that might divide the assets differently. (Messrs Penfold and Gill comment on the goodwill they individually have but that is a separate issue to the goodwill of the partnership as a whole which is the matter before me.)

34) It is inevitable that the use of the trade marks by Messrs Penfold and Gill would deceive. The trade marks are the signs that identify the business to the world. The services of the applications are the services that the partnership supplied or are closely linked to them. How could the customer or potential customer not be confused and misled? Messrs Penfold and Gill state that in a letter that they do not intend to use the trade marks but that is a contradiction to their applications, which are for the specific use of the trade marks in relation to the services listed. The applications can also be assigned, so any third party could purchase and try to use the trade marks.

Thorn EMI Pty Ltd [1987] BTC 462, 468. Thorn EMI's reputation in certain trades was described as "dog" goodwill as distinct from "cat, rat or rabbit" goodwill."

[15] *Dent v Turpin* [1861] 70 ER 1003 and *Southorn v Reynolds* [1865] 12 LT 75.

[16] Lord Macnaghten in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217 gave the classic definition of goodwill:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyse goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seem to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

35) The use of the trade marks would dilute the goodwill that the firm owned and so lessen or even destroy the value of the goodwill in the business. Consequently, there would be damage.

36) Use of the trade marks would be liable to be prevented under the law of passing-off and so registration of the trade marks would be contrary section 5(4)(a) of the Act.

Costs

37) Mark Taylor having been successful is entitled to a contribution towards his cost. The written submissions singularly failed to deal with the issues in law and reiterated what had been filed in evidence, consequently, I have made no award in respect of them. Owing to the nature of the notices of opposition I have awarded one sum for the two of them; I have done the same in relation to the counterstatements. I award costs on the following basis:

Opposition fee x 2	£400
Notice of opposition	£300
Considering the counterstatement	£200
Preparing and filing evidence	£750
Considering evidence of Messrs Penfold and Gill	£350
TOTAL	£2,000

I order Messrs Warren Colin Penfold and Nicholas Jonathan Gill to pay Mr Mark Taylor the sum of £2,000. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 3 day of October 2008

David Landau
For the Registrar
the Comptroller-General