

O-500-15

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION No. 3041509

IN THE NAME OF MR FRANK BISSETT

AND

APPLICATION No. 500650 BY MR JAMES DAVIDSON

FOR A DECLARATION OF INVALIDITY

Background and pleadings

1. This is an application by James Davidson (“the applicant”) to invalidate trade mark registration 3041509 in the name of Frank Bissett (“the proprietor”). The trade mark consists of the words **UniverCity Transfers** and it is registered for:

Class 16

Paper; printed matter; printed publications; leaflets; pamphlets; brochures; newsletters; photographs; stationery; writing instruments; all of the aforesaid goods relating to the provision of taxi and vehicle hire services.

Class 39

Taxi services; taxi transport; transport of travellers by taxi; car hire; vehicle hire; car hire services; passenger vehicle hire; organisation of travel.

2. The application to register the trade mark was filed on 10th February 2014 and the mark was entered in the register on 23rd May 2014.

3. The application to invalidate the trade mark registration was filed on 16th October 2014.

4. The grounds for invalidation are that:

i) The applicant is a founding member of an unincorporated syndicate which has traded under the name UNIVERCITY TRANSFERS since March 2012.

ii) The name is used in relation to taxi services provided by members of the syndicate to the public, particularly those seeking transfers to and from Scotland’s commercial airports.

iii) The syndicate provides a centralised enquiry and booking service which is used to promote the transfer service. The transfer work is then allocated to member taxi service providers.

iv) The proprietor is an ex-member of the syndicate who began trading under the name UNIVERCITY TAXIS in 2011. He has continued to operate a taxi business under that name. Following a breakdown of personal relationships, the proprietor left the syndicate in March 2013. He agreed to be replaced by Mr Robert Cowan.

v) However, following his departure from the syndicate relations between the parties became further soured. The proprietor complained about the syndicate’s use of the name UNIVERCITY TRANSFERS.

vi) Without the applicant's knowledge, the proprietor applied to register the trade mark in February 2014, almost a year after he left the syndicate, and proceeded to threaten members of the syndicate with proceedings for trade mark infringement.

vii) The applicant's syndicate has made honest concurrent use of the mark UNIVERCITY TRANSFERS (alongside the proprietor's use of UNIVERCITY TAXIS) and is the only entity to have used that name.

viii) Use by the proprietor of the registered mark would cause confusion and damage the syndicate's business and goodwill. Such use would therefore amount to passing off.

xi) The proprietor's motives in registering the trade mark was to injure the syndicate's business and to establish a monopoly over the use of the word UNIVERCITY in relation to taxi/transfer services. Therefore, the application for registration was filed in bad faith.

x) Registration of the mark was contrary to sections 3(6) and 5(4)(a) of the Act and should be declared invalid under sections 47(1) and (2).

5. The proprietor filed a counterstatement denying the grounds for invalidation. I note, in particular, that:

i) The proprietor established a taxi service in St Andrews in Fife in around August 2011 under the name UniverCity Taxis.

ii) The proprietor wished to expand his services in order to provide a dedicated transfer service to and from Scotland's airports. The new transfer service was to be differentiated from the proprietor's general taxi service by the use of the name UniverCity Transfers.

ii) The demand for airport transfers was more than the proprietor alone could cope with, so in around February 2012 he established a joint initiative with the applicant (who is the proprietor's brother-in-law). A website and a bank account under the name UniverCity Transfers were created. The parties agreed to put money in the new bank account in order to cover their operating expenses for services offered under the name.

iii) The proprietor claims that the joint business was a partnership as defined in section 1 of the Partnership Act 1890.

iv) Following a family feud in around February 2013, the proprietor gave the applicant notice that he no longer wished to operate the airport transfer

service with him. According to the proprietor, this means that the partnership was dissolved.

v) The proprietor received an email from the applicant¹ on 23rd February 2013 confirming that the applicant would change the name of the airport transfer business, but despite re-branding his vehicles as 'Davidson's Taxis Transfers', the applicant continues to use the name UniverCity Transfers.

vi) The applicant is not making honest concurrent use of the name UniverCity Transfers. Rather, as part of the continuing family feud, the applicant is using the name to undermine the proprietor's business by causing public confusion.

Representation

6. The applicant is represented by Ms Caroline Pigott of Thorntons, Solicitors. The proprietor is represented by Ms Anne Cornelius of Blackadders LLP, Solicitors. A hearing took place on 8th October. The parties' representatives were in Scotland, but took part using the IPO's teleconference facilities.

The evidence

7. The applicant's evidence consists of two witness statements by the applicant himself, two by his wife, Mrs Linda Davidson, and one each from Mr Robert Cowan and Mr Kevin Symaniak. Mr Cowan effectively replaced Mr Bissett in the venture that he had previously conducted with Mr Davidson. From August 2012, Mr Symaniak was given a share of the transfer work attracted through UniverCity Transfers. He continued this work after Mr Bissett left the venture, alongside Mr Davidson, Mr Cowan and others.

8. The proprietor's evidence consists of a witness statement by the proprietor himself.

The uncontested facts

9. The following facts do not appear to be in dispute.

- Mr Bissett has operated (as a sole trader) a taxi business in the St Andrews and Tayside areas of Scotland under the name UniverCity Taxis since August 2011.

¹ Which was actually from the applicant's wife, the proprietor's sister – see below

- That business included transfers to and from Scottish airports, which are of particular interest to students based outside Scotland attending the universities of St Andrews and Dundee.
- In around February 2012, Mr Bissett and Mr Davidson agreed to work together to provide a dedicated transfer service to and from Scottish airports under the name UniverCity Transfers.
- Mr Bissett proposed that the name UniverCity Transfers be used for this business.
- A luggage trailer, website, Facebook page and two dedicated telephone lines were purchased or obtained in order to conduct the business.
- The parties had a logo version of the name UniverCity Transfers developed for this business. This logo was used on the website, the Facebook page, the luggage trailer used for transfers, on invoices and receipts, and on business cards.
- A bank account was opened in the name of UniverCity Transfers. Mr Bissett and Mr Davidson were joint signatories. The main activities of the business were described as *“Taxi operators – Not for profit – Joint initiative to advertise their individual services”*.
- Mrs Davidson did most of the administration work, but was not a member of the syndicate or partnership.
- Mr Bissett and Mr Davidson paid a monthly contribution into the bank account in order to cover the running costs of the business.
- Customers paying via online tools, such as PayPal, paid their transfer fares directly into the bank account of UniverCity Transfers (from where they were re-distributed to the person who provided the particular transfer service).
- Either directly or indirectly (in the case of online payments), Mr Bissett and Mr Davidson took a share of the total income generated by the business proportionate to their respective share of the airport transfer work generated under the name UniverCity Transfers.
- From around August 2012 Kevin Symaniak joined the venture. He paid half the monthly contribution paid by Mr Bissett and Mr Davidson, reflecting the fact that he received a smaller share of the work than them.

- There was a family dispute which led to Mr Bissett ending the business relationship between himself and Mr Davidson in February 2013.
- As part of the conclusion of their business relationship, Mr Bissett bought out Mr Davidson's share in the luggage trailer used for the airport transfer work. He subsequently changed the branding on it from UniverCity Transfers to UniverCity Taxis.
- On 19th March 2013, the proprietor signed a form to have his name removed from the bank account of UniverCity Transfers. The same form was used to add Mr Robert Cowan as the second signatory for the bank account.

Disputed (and relevant) facts

Who owned the goodwill generated under the name UniverCity Transfers between March 2012 and February 2013?

10. The parties disagree about the status of their business relationship. The applicant characterises it as a 'syndicate', by which he means an arrangement through which separate businesses co-operate in promoting their businesses to their mutual benefit. The proprietor argues that the arrangement was a partnership at will.

11. The applicant's position is consistent with the characterisation of the activities of UniverCity Transfers as 'not for profit advertising' as stated on the application form used to set up the business's bank account. However, it is not consistent with the form subsequently used to remove the proprietor as a signatory for the bank account, which was a form for use by partnerships². Nor is it consistent with the evidence which shows that the business was promoted as a single business with its own bank account, took bookings and fares from customers in its own name, and then re-distributed the income of the business to the people behind it. Indeed in the applicant's second witness statement he says this:

"My and the other drivers' livelihood is dependent upon the work we receive through Univercity Transfers. A large part of the taxi trade is in the reputation of the provider. I and the others have worked hard and spent a lot of time, money and energy for three years to ensure that Univercity Transfers has developed a strong reputation".

12. By "*reputation*" the applicant is clearly referring to the goodwill established in the business UniverCity Transfers. By "*provider*" the applicant is clearly referring to the provider of the taxi service, not just the booking mechanism. The business was plainly more than a tool used to advertise the separate businesses of the individual

² See exhibit JD9 to Mr Davidson's first witness statement

members. In this connection, I note that in an email sent in the name of the parties on 8 August 2012 to Mr Symaniak, he was told that *"It will help for your roof sign to change on transfer work and you to distribute cards to the customers"*³. This must mean the transfer service should appear to the customer to be provided by UniverCity Transfers. Indeed the applicant relies on the bookings obtained in the name of UniverCity Transfers as the basis for his claim that the 'syndicate' has a passing off right which would be exercisable against the proprietor if he were to use the contested trade mark for taxi services etc.

13. In my view, the evidence shows that Mr Bissett and Mr Davidson were carrying on a *"business in common with a view to profit"*⁴. Consequently, UniverCity Transfers constituted a partnership at will. The fact that the profits from the business were channelled into the parties' individual accounts and taxed on that basis makes no difference to my finding⁵.

14. This means that the property of the business, including its goodwill, was that of the partnership rather than that of its individual members. It also means that, unless there was an agreement to the contrary, the partnership was dissolved when the proprietor gave notice that he was leaving the partnership in February 2013⁶.

Was Mr Symaniak a partner in February 2013?

15. The email sent in the name of the parties to Mr Symaniak in September 2012 when he started to work regularly (but part time) for UniverCity Transfers stated that the arrangement would last 6 months and then be reviewed. This suggests that Mr Symaniak's status was less than that of a partner in the business. This is consistent with the uncontested evidence that he was given less work than Mr Bissett and Mr Davidson. I also note that when Mr Bissett left the partnership, Mr Cowan took over as the second signatory on the bank account rather than Mr Symaniak. This reinforces the impression that Mr Symaniak had not been accepted as a partner of Mr Bissett and Mr Davidson. I therefore find that the partnership consisted of just the parties to these proceedings. However, nothing appears to turn on this because even if Mr Symaniak also became a partner, absent an agreement to the contrary, the partnership was still dissolved by Mr Bissett's notice that he was leaving it.

³ See exhibit JD003 to Mr Davidson's second witness statement

⁴ See section 1 of the Partnership Act 1890

⁵ Mr Bissett's letter of 28th October 2012 to HMRC denying that the business was a partnership for tax purposes (see exhibit JD8) also makes no difference. It is not necessary for Mr Bissett to have understood that the business was a partnership.

⁶ See section 32(c) of the Partnership Act 1890

What goodwill did the partnership own in February 2013?

16. Ms Davidson has provided a list of the online booking received by UniverCity Transfers during the time that Mr Bissett was a member⁷. There are around 100 bookings shown. The earliest is dated May 2012, the latest 20 February 2013. Some months are very low, just a handful of bookings. Other months are busier. December 2012 was a relatively busy month (36 bookings) presumably because of students going home for Christmas and then returning to the university for the following term.

17. Although none are in evidence, it seems likely that there were also telephone bookings. Even so, the scale of the business was self evidently quite modest. This is not surprising because the evidence is that those providing the service were also working as taxi drivers providing taxi services to the local community under different names (although under almost the same name in the case of Mr Bissett).

18. I nevertheless find that the business had established a non-trivial level of business goodwill by February 2013 as a provider of taxi transfer services, including the enquiry and bookings elements of the business specifically relied on by the applicant.

Did the proprietor consent to the applicant and others continuing to use the name UniverCity Transfers in the event that he left the business?

19. Mr Bissett plainly consented to use of the name UniverCity Transfers by the partnership of which he was a member. The question is whether he renounced his rights absolutely so that successor partnerships could continue to use the name. Mr Davidson's evidence is that:

"It was always made clear that if any driver opted to leave the syndicate, it would continue to operate in his absence".

20. Mrs Davidson, who was present at the start up discussions, gives similar evidence.

21. Mr Bissett's account is that the parties never discussed what would happen with the business name if they went their separate ways. He saw UniverCity Transfers as an extension of his UniverCity Taxis business.

22. I find Mr and Mrs Davidson's account implausible. If I am right that the partnership was formed by the two parties to these proceedings, it seems very unlikely that they would have contemplated the venture continuing with a different membership. Certainly nothing was written down, which is what one might have

⁷ See exhibit JD10 to Mr Davidson's first witness statement

been expected to have happened if the parties had really considered the consequences of the planned business continuing without one of them (or either of them) being involved. Further, the casual nature of the business relationship also points to the conclusion that no thought was given to even its existing status, let alone future events.

23. Mr Davidson states that:

“While Frank’s [Mr Bissett] own business is called UniverCity Taxis, it is not commercially linked to the syndicate and never has been. Frank was quite happy for two businesses to co-exist, and, indeed, it was Frank’s idea that the two brands co-exist”.

24. It is understandable that Mr Bissett was eager for the two business names to co-exist whilst they were used for businesses that he conducted, or partly conducted. However, it is implausible that he would have consciously agreed for others, no longer connected to his business, to trade as UniverCity Transfers whilst he continued to trade as UniverCity Taxis in relation to the same or similar services, and in the same geographical area.

25. I therefore accept Mr Bissett’s account over that of Mr and Mrs Davidson. I find that there was no written or verbal agreement between the partners in UniverCity Transfers that the partnership would continue if one of them left.

26. At the hearing, Ms Pigott relied on case law about the giving of consent in the context of exhaustion of rights, in particular on *Zino Davidoff SA v A & G Imports Ltd and Others*⁸ and *Mastercigars Direct Ltd v Hunters and Frankau Ltd*⁹, to support her submission that consent to the use of a trade mark amounts to an unequivocal renunciation of the proprietor’s rights. So it does in the context of parallel imports, but such renunciation is necessarily attached to the use of the mark for particular goods. The fact that it may be inferred from the circumstances that a proprietor renounced his right to prevent particular examples of his own goods being imported into the EEA under his mark cannot be equated with Mr Bissett being deemed to have renounced his right to prevent successor partnerships of which he was not a member from competing with his own business under effectively the same name. Ms Pigott also relied on *Dalsouple*¹⁰, but that was a case about consent to registration. A person giving consent to another person to register a trade mark must realise that he or she is thereby renouncing any right they may have had to register the mark in their own name. By contrast, it is not plausible to argue that by consenting to his partnership with Mr Davidson using the name UniverCity Transfers, Mr Bissett

⁸ Cases C-414/99 to C-416/99

⁹ [2007] EWCA Civ 176

¹⁰ [2014] EWHC 3963 (Ch)

thereby acted in such a way that he should be held to have renounced his right to object to any successor partnership continuing to use the name.

27. Mr Bissett says that when he gave notice of his intention to leave the partnership he made it clear that he did not want the business to continue under the name UniverCity Transfers. This is supported by an email dated 23rd February 2013 sent from Mr Davidson's email account¹¹ to Mr Bissett which set out arrangements for ending the business venture between them, including the division of assets and liabilities. This email also stated that "*The business name will get changed, then we will no longer use 'Univercity Transfers'.*". I also note that Mr Bissett was informed that "*Bob Cowan was going on the bank account*" and that the email covered the arrangements to have Mr Cowan added, and Mr Bissett removed, from the bank account.

28. Mr Davidson and Mr Symaniak's evidence is that Mrs Davidson sent the email without authority from them. Mrs Davidson accepts as much in her first witness statement. Nevertheless, the email makes Mr Bissett's position at the time clear. He was content for Mr Davidson and others to continue to use the existing bank account, website, Facebook page for a taxi transfer business, but he was not content for them to continue trading under the name UniverCity Transfers. They knew this. Mr Davidson argues to the contrary, citing an extract from a text conversation between himself and Mr Bissett in which Mr Davidson stated angrily that "*you are getting your stuff and name not changing*" to which Mr Bissett replied "*so be it*". However, this exchange was part of an emotive text conversation that was as much about the ending of a family relationship than about the division of the assets of the partnership. In context, I do not think that Mr Bissett's short text reply can reasonably be understood as him having consented to Mr Davidson continuing to trade under the name UniverCity Transfers. Mr Bissett's evidence is that it was agreed that he would keep the name UniverCity Transfers. This is denied by Mr Davidson. I suspect that this was no more than Mr Bissett's assumption based on Mrs Davidson's agreement that her husband would no longer trade as UniverCity Transfers.

29. I find that Mr Bissett at no point consented to the venture subsequently carried by Mr Davidson, Mr Cowan and Mr Symaninak ("the new partnership") continuing to use the name UniverCity Transfers.

What name has the new partnership used?

30. Mr Bissett says that the new partnership are now primarily trading under the name 'Davidson's Taxi Transfers' and continuing to use the UniverCity Transfers name as a secondary brand purely to damage his business.

¹¹ See exhibit FB5 to Mr Bissett's witness statement

31. Mr Davidson's evidence is that he and the other members of his transfer business decided to adopt 'Davidson's Taxi Transfers' as a secondary brand after receiving a letter from Mr Bissett's solicitors threatening them with trade mark infringement proceedings if they continued to trade under UniverCity Transfers.

32. I find that the new partnership has used both names since being threatened with trade mark infringement proceedings. The adoption of the 'Davidson's Taxi Transfers' brand is plainly an insurance against the failure of these cancellation proceedings. I accept Mr Davidson's evidence that the UniverCity Transfers name continues to be used alongside the new name.

Have there been instances of confusion between Univercity Transfers and UniverCity Taxis since the split between the applicant and the proprietor?

33. Mr Bissett says that there have been instances of confusion. He cites one occasion on the evening of 23rd October 2013 when both he and Mr Symaniak arrived to collect a passenger for a transfer to Edinburgh airport. Mr Bissett puts the double booking down to the fact that Mr Davidson has a Goggle listing which means that 'UniverCity and Davidson's Taxi Transfers' comes up as the third hit when one searches on UniverCity Taxis.

34. Mr Bissett also draws attention to three posts on Facebook by Mr Davidson warning his customers about confusion with Mr Bissett's taxi and transfer business¹². I note that the second of these, dated 27th February 2014, states that:

"We have been made aware yet again of the very similar business on FB called Univercity Taxis"

And

"We have received another complaint from a customer, who believed that she had booked a shared transfer from ourselves, however this was not the case."

35. I find that there have been instances of actual confusion and deception amongst the parties' customers. This is hardly surprising given that the parties are local competitors trading under virtually the same name.

Analysis of the passing-off right ground

36. 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 –

¹² See exhibits FB1 to FB3 to Mr Bissett's witness statement

(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.”

37. 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.”

38. The first question is whether the applicant has shown that he owns, or has a share as a partner in, a business with goodwill under the name Univercity Transfers. The goodwill in the business conducted by Mr Bissett under UniverCity Taxis since August 2011 is plainly owned by him. Mr Davidson makes no claim to have any entitlement to a share in that goodwill.

39. The goodwill established by the partnership in the business operated under the name UniverCity Transfers between March 2012 and February 2013 was a partnership asset. On the dissolution of the partnership, Mr Davidson may have been entitled to a share in the value of that goodwill, but he was not entitled to appropriate it. Mr Bissett was at least as entitled as Mr Davidson to a share in the value of that goodwill. Any claim based on the goodwill generated in this period and which still existed at the relevant date, would have had to have been brought in the name of the partnership. Mr Davidson is not entitled to rely on any such goodwill for the purposes of this application as though it were an asset of the present ‘syndicate’.

40. It is common ground that the new partnership has traded under the name UniverCity Transfers between February 2013 and the date of Mr Bissett’s application to register that name in February 2014 (“the relevant date”). However, no evidence

has been provided as to the extent of the business conducted under the name during this period. I was told at the hearing that this was because Mr Davidson did not want Mr Bissett to know the extent of the business. This presents a difficulty because although the law of passing off protects the goodwill of small businesses¹³, it does not protect goodwill of only trivial extent¹⁴.

41. The onus of showing that he had a passing off right at the relevant date is on the applicant¹⁵. The applicant has chosen not to quantify the only goodwill he might be able to rely upon in support of the pleaded case. I would therefore be entitled to reject the section 5(4)(a) ground simply on the basis that the applicant has not established that he owned (or was a member of a partnership or 'syndicate' which owned) a non-trivial business goodwill under the name UniverCity Transfers. However, on balance, I think that would be taking too strict a view of the evidential requirements in the circumstances of this case. There is no serious dispute about the on-going trade of the applicant and others under the name Univercity Transfers (at least prior to the relevant date). I will therefore proceed on the basis that, in principle, the business conducted under that name between February 2013 and the relevant date was a business of sufficient size as to potentially qualify for protection under the law of passing off.

42. In that event, I find it necessary to also consider the proprietor's goodwill. It is common ground that Mr Bissett had been trading as a sole trader under the name UniverCity Taxis for around six months prior to starting a spin off business with the applicant in March 2012. That may be long enough to establish a protectable goodwill under the law of passing off¹⁶. It appears to have been the success of his business that caused Mr Bissett to consider going into a further business with others in order to meet the growing demand for taxi transfer services. The business does not therefore appear to have been a trivial one with no, or only a few, customers. I will therefore extend to the proprietor the approach that I took to the applicant's lack of conventional evidence in the form of turnover figures etc.

43. If the proprietor had established a non-trivial business under the name UniverCity Taxis by March 2012, it must follow that an unconnected business starting up in the same geographical area and offering very similar services under such a similar name as UniverCity Transfers would have been susceptible to an action for passing off. By arguing that the proprietor renounced his rights at this time, the applicant implicitly acknowledges that he had acquired such a right.

¹³ See *Stacey v 2020 Communications* [1991] FSR 49, Millett J.

¹⁴ See *Hart v Relentless Records* [2003] FSR 36, Jacob J.

¹⁵ See section 72 of the Act

¹⁶ See *Stannard v Reay* [1967] FSR 140, where an ice cream seller was held to have built up goodwill in 6 weeks.

44. It is well established that one is entitled to take account of all the background circumstances (except for the negotiations) when deciding what meaning must be given to a written agreement¹⁷. The same must apply to verbal agreements. The proprietor's agreement to establish a business with Mr Davidson under the name UniverCity Transfers must have included an implied term that he would not assert any rights he had under the name UniverCity Taxis against the use of the name UniverCity Transfers by the partnership of which he was a member. Having rejected the Davidson's claim that the proprietor also agreed to any successor of his in that venture continuing to use the contested name, and Mr Bissett's UniverCity Taxis' business having continued to operate alongside UniverCity Transfers as the senior user of the UniverCity name, it inevitably follows that the new partnership became susceptible to passing off proceedings the moment it started trading as UniverCity Transfers without his consent. This is because by using the name UniverCity Transfers the new partnership was almost certainly misrepresenting itself as being economically connected to UniverCity Taxis after the connection between them (i.e. partly common ownership) had ceased. Further, the evidence is that this misrepresentation caused confusion amongst customers including at least one of the proprietor's customers. In these circumstances, damage to the goodwill of Mr Bissett's business can readily be inferred from the likelihood of the misrepresentation leading to a diversion of trade and/or the proprietor's loss of control over the reputation of his business.

45. Looked at like this it is easy to see why the applicant's passing off right case under section 5(4)(a) is hopeless. The only 'concurrent' goodwill covered by the applicant's case was generated during a period when it was probably passing itself off as UniverCity Taxis. Mr Iain Purvis Q.C. sitting as a Deputy Judge *W.S. Foster & Son Limited v Brooks Brothers UK Limited*¹⁸, summed up the law in this area as follows:

"61. The authorities therefore seem to me to establish that a defence of honest concurrent use in a passing off action requires at least the following conditions to be satisfied:

(i) the first use of the sign complained of in the United Kingdom by the Defendant or his predecessor in title must have been entirely legitimate (not itself an act of passing off);

(ii) by the time of the acts alleged to amount to passing off, the Defendant or his predecessor in title must have made sufficient use of the sign complained of to establish a protectable goodwill of his own;

¹⁷ See *Investors Compensation Scheme v West Bromwich Building Society* [1997] UKHL 2; [1998] 1 WLR 896, House of Lords and *Chartbrook Ltd v Persimmon Homes Ltd* [2009] UKHL 38, [2009] 1 AC 1011 at [14]

¹⁸ [2013] EWPC 18 (PCC)

(iii) the acts alleged to amount to passing off must not be materially different from the way in which the Defendant had previously carried on business when the sign was originally and legitimately used, the test for materiality being that the difference will significantly increase the likelihood of deception.”

46. The applicant’s case does not, in my view, satisfy at least the first of these requirements because its concurrent use was not honest. In any event, even honest concurrent use of a mark does not usually entitle the junior user of a mark to sue a senior user for passing off. It is true that this might not apply where either one of the users changes the mark he uses so as to significantly increase the likelihood of deception¹⁹. However, the difference between UniverCity Taxis and UniverCity Transfers (for the goods and services at issue) is not material. This is because concurrent use of either form of the UniverCity name by unrelated parties was bound to result in a significant level of deception. Therefore, even if the new partnership or ‘syndicate’ had made honest concurrent use of Univercity Transfers, it would still not be entitled to use Mr Bissett for passing off. I therefore have no hesitation in rejecting the applicant’s case for invalidation under section 5(4)(a).

The bad faith ground

47. Section 3(6) of the Act states:

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

48. The law in relation to section 3(6) of the Act (“bad faith”) was set out by the Court of Justice of the European Union in *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*²⁰ as follows:

“41. Consequently, in order to determine whether there was bad faith, consideration must also be given to the applicant’s intention at the time when he files the application for registration.

42 It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant’s intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43 Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44 That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark

¹⁹ See, for example, *Sir Robert McAlpine Limited v Alfred McAlpine Plc* [2004] RPC 36

²⁰ Case C-529/07

without intending to use it, his sole objective being to prevent a third party from entering the market.

45 In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48).

46 Equally, the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.

47 In such a case, the applicant's sole aim in taking advantage of the rights conferred by the Community trade mark might be to compete unfairly with a competitor who is using a sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48 That said, it cannot however be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant's registration of the sign may be in pursuit of a legitimate objective.

49 That may in particular be the case, as stated by the Advocate General in point 67 of her Opinion, where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and the applicant seeks to register the sign with a view to preventing use of that presentation.

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51 Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a Community trade mark is filed.

52 The extent of that reputation might justify the applicant's interest in ensuring a wider legal protection for his sign.

53 Having regard to all the foregoing, the answer to the questions referred is that, in order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:

- the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or

similar product capable of being confused with the sign for which registration is sought;

– the applicant’s intention to prevent that third party from continuing to use such a sign; and

– the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.”

49. The applicant’s case is that the proprietor did not intend to use the registered mark and registered it only to disrupt the applicant’s business.

50. The evidence indicates that the proprietor uses the mark UniverCity Taxis. He has not used UniverCity Transfers since he dissolved the partnership with the applicant. This was almost a year before the relevant date.

51. I bear in mind that a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith²¹.

52. Given the situation described in the evidence, I do not find it surprising that the proprietor has not so far used UniverCity Transfers in relation to his taxi and transfer services. The proprietor clearly provides relevant services under the almost identical name UniverCity Taxis. In these circumstances, the fact that he has not yet used UniverCity Transfers does not establish a *prima facie* case that the proprietor had no intention to use the mark in that form in future. Consequently, there is no cogent evidence that the proprietor’s statement of intention to use the registered mark in relation to taxi services etc. was false.

53. Further, even if the proprietor had no intention to use the mark in the form in which it was registered, I am doubtful this means that the application to register the mark was made in bad faith. The words TAXI and TRANSFERS are purely descriptive of the services at issue. Further, the words are virtually interchangeable²². The word TRANSFERS is therefore of negligible importance to the identity of the registered mark. Or to put it another way, the only word with any trade mark character in the registered mark is the word UNIVERCITY and the proprietor clearly already uses that. Part of his intention in registering the mark in the form in which it was registered was to prevent the applicant from using it to compete with him unfairly. I am therefore satisfied that the application to register the mark was motivated by the proprietor’s intention to protect a legitimate interest he has in the registered mark for the services for which it is registered in class 39.

²¹ see *BRUTT Trade Marks* [2007] RPC 19 at [29]

²² As the new name of Mr Davidson’s business shows.

54. I am more doubtful about whether the proprietor ever intended to use the mark in relation to printed materials in class 16 (as opposed to on printed materials, but 'in relation to' taxi services etc.), but that is not part of the applicant's case.

55. For the reasons given above, the ground for invalidation under section 3(6) also fails.

Outcome

56. The application for invalidation fails.

Costs

57. The proprietor has been successful and is entitled to a contribution towards his costs. In the circumstances I award the proprietor the sum of £1600. The sum is calculated as follows:

£300 for considering the application for invalidation and filing a counterstatement

£850 for considering the applicant's evidence and filing evidence in response

£450 for taking part in the hearing and filing a skeleton argument

58. I therefore order Mr James Davidson to pay Mr Frank Bissett the sum of £1600. This should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of those proceedings.

Dated this 23RD day of October 2015

**Allan James
For the Registrar**