TRADE MARKS ACT 1994

IN THE MATTER OF Trade Mark Registration
Nº: 1371224 in the name of Time Systems (UK) Limited

and

An Application under Nº: 11410 for a Declaration of Invalidity
by the Acroprint Time Recorder Company Incorporated.

1. The proprietors of registration Nº. 1371224, ACROPRINT, are Time Systems (UK) Ltd. ('Time') of Systems House, Wharfside, Bletchley, Milton Keynes, Buckinghamshire, MK2 2AZ Great Britain. The goods specified with the registration are 'Time recording apparatus and instruments, all included in Class 9'. The mark was applied for on 26th January 1989.

2. On 24th January 2000, the Acroprint Time Recorder Company Incorporated (ATR) applied for invalidation of the mark under s. 47(1) of the Act, alleging bad faith (s. 3(6)), and under s. 47(2), alleging an earlier right (s. 5(4)(a)). They also pleaded ss. 3(1)(a), 3(3) and 3(4) of the Act.

3. A Counterstatement was provided by the applicants, in which the grounds are denied. Both parties ask for costs to be awarded in their favour.

4. The matter was to be heard on 30th November 2001. Ms. McFarland of Counsel, instructed by Messrs. DW & SW Gee, appeared for the applicants (ATR), while Mr. Vanhegan, also of Counsel, instructed by Saunders & Dolleymore, appeared for the registered proprietors (Time).

5. There is a significant amount of evidence. I have examined it carefully, and choose not to summarise it in detail, as some is of great significance, some simply is not. However, the bare facts of this matter are as follows.

6. ATR, the applicants, are an American company trade in 'time recording devices' that allow 'clocking-on' and 'clocking-off' of employees within a business: they essentially register working hours. ATR have an extensive trade in the USA and have supplied their products around the world. This, apparently includes the UK since 1972, where they supplied a number of these devices through several distributors over a number of years. In 1988 they began a commercial relationship with the registered proprietors in this matter, Time. This blossomed into a successful relationship, Time becoming sole distributors of ATR's products in the UK throughout the 1990s. In 1989 Time registered the mark ACROPRINT in their own name, they say, with the permission of ATR: this is disputed. However, it was several years later that ATR asked Time to assign the name to them; this was refused, and invalidation proceedings were initiated by ATR early in 2000.

7. This explains the very bare facts. Specific, evidence, and the inferences I draw, will be considered as both become relevant to my decision. The parties have submitted the following:

Rule 33(4) evidence:	Statutory Declaration by Wilbur Glenn Robbins President of ATR dated 19th June 2000 ('Robbins 1'). Witness statement by Steven William Gee, trade mark agent for ATR dated 21st June 2000 ('Gee 1').
Rule 33(6) evidence:	Statutory Declaration by Roger Henry Taylor, former managing director of Time. Statutory Declaration of Rita Coppeletti, current former managing director of Time.
Rule 33(7) evidence:	Statutory Declaration by Wilbur Glenn Robbins President of ATR dated 15th December 2000 ('Robbins 2').
Late evidence:	Further Witness statement by Steven William Gee dated November 2001 ('Gee 2'). Witness statement in reply by Janice Margaret Trebble, dated 13th December 2001.

Preliminary Point

8. The applicants sought to admit further evidence into the proceedings. This was faxed to myself and Time on 21st November, and thus received well before the hearing. The *Swiss Miss* case (*Hunt-Wesson Inc.'s Trade Mark Application* [1996] RPC 7 232, states at page242:

> '..the following matters (and there may well be others) are likely to be relevant when considering the late admission of evidence:
>
> 1. Whether the evidence could have been filed earlier and, if so, how much earlier.
> 2. If it could have been, what explanation for the late filing has been offered to explain the delay.
> 3. The nature of the mark.
> 4. The nature of the objections to it.
> 5. The potential significance of the new evidence.
> 6. Whether or not the other side will be significantly prejudiced by the admission of the evidence in a way which cannot be compensated, e.g. by an order for costs.
> 7. The desirability of avoiding multiplicity of proceedings.
> 8. The public interest in not admitting onto the register invalid marks'.

9. The evidence took the form of a Witness Statement by Steven William Gee of the applicants' trade mark agents. Mr. Gee states:

> 'Attached to this Witness Statement is Exhibit SWG2, which comprises photographs of a time recorder (Model 150RR4, Serial No. 492748 MB) which I am advised was manufactured by the Applicant in 1995 and commercially used in the UK by D C Cook Ltd. of Sir Frank Whittle Road, Rotherham, Derbyshire, UK in its automobile sales operations prior to that company's entering receivership administration on 19 January 2001. The recorder was apparently part of the liquidation estate and was subsequently offered on the Ebay Internet auction site on 14th November 2001 by the liquidator, and purchased on that date by the Applicant's representative and forwarded to my office. The recorder bears the Applicant's stylized form of the ACROPRINT trade mark {i} on its

face, {ii} as part of the company name appearing on the front of the recorder, and {ii} as part of the company name and address on the base of the recorder. The company's name and address is stated to be Acroprint Time Recorder Co., 5640 Departure Drive, Raleigh, North Carolina 27604, USA'.

The clock also carries the name of a UK supplier, 'Wisegrove Limited', clearly visible on its front.

10. Time provided a written response to the discovery of this machine, dated 29th November 2001, from Ms. Coppeletti:

'1. Wisegrove Limited is a customer of ours. Unfortunately, as in the time given we are unable to establish whether the machine referred to in the witness statement is one that we supplied to Wisegrove Limited.

2. We always remove the name and address stickers on the base of the machines supplied to us by Acroprint Time Recorder Co. Inc. when we can, and replace these with our stickers (see Exhibit RC4 of my Statutory Declaration dated 6th November 2000. Some of the original stickers are very difficult to remove and so we put our own stickers over the top of these instead.

The reason we remove or obliterate the name and address of Acroprint Time Recorder Co. Inc. is to ensure that the users refer any problems to us (whether under our guarantee or not) rather than to the supplier. This enable us to maintain the good reputation in the mark ACROPRINT and to supply the service which our clients have come to expect.

Wisegrove is a retailer of these machines and may have removed any stickers which covered this, finding the suppliers' sticker too difficult to remove, as we would have done.'

11. Ms. MacFarland says:

'The said evidence is probative in nature and of immense value in verifying the matters which are the subject of the currently disputed evidence. In particular, the contemporaneous exhibit of an actual time clock is helpful because it demonstrates physically what the clocks supplied in the UK looked like, and how they were marked at the relevant time'

12. I can't accept this. The item is not contemporaneous with the period of concern, being made some six years after the relevant date. There is no information on when it was imported into the UK, how long it remained with its suppliers or when it was sold, or, indeed, who sold it. (in this regard, I note that the 'sole' distributorship agreement between the parties ended in 1998). Though it is reasonable to assume a date of sale some time before 19th January 2001, when the erstwhile owners, D C Cook, were declared bankrupt, the sale may have been after the relationship between the parties had broken down, or even after the initiation of these proceedings.

13. Had the product been clearly sourced from Time, this might have called into question the labelling claims made by Ms. Coppeletti (see her Statutory Declaration, page 6, point '(a)'). Her reply is less than unequivocal on this point, though she does offer an explanation of sorts. There are simply too many question marks around this evidence for it make any probative

difference to my considerations here. It is too little, too late and, in view of its late submission, I determined that its entry be excluded now.

14. Further evidence in Exhibits SWG3 to SWG10 consisted of the following:

Exhibit SWG3: An April 1974 extract from 'International Business Equipment' which contains an advertisement for ATR, clearly showing the mark and the address of the company.

Exhibit SWG4: An April 1975 extract from 'International Business Equipment' which contains the same advertisement for ATR.

Exhibit SWG5: A response to such advertisements from Tonbridge and 'Mailing' (i.e. Malling) District Council date May 1974.

Exhibits SWG6 to SWG10: Letters from ATR to the following UK companies which refer to brochures enclosed therewith, and directs them to ATRs then supplier in the UK, English Clock Systems:

Company	Date
Clonbeg Ltd.	April 1975
Midland Time Recorder Services	November 1979
De Smitt Donlevy Associates	June 1922
Morrill Market Development	September 1982
Hedley-Walker Ltd.	November 1982

15. As for Exhibits SWG6 to SWG10, I think this material is of evidential value, verifying commercial activity on behalf of the applicants in the UK before the relevant date. I asked Mr. Vanhegan if he considered that his client would be prejudiced by the inclusion of this evidence now. He pointed out that the only evidence that the applicants had of a customer in the UK in this new material was the letter from Tonbridge and Malling District Council in Exhibit SWG5; I allowed the registered proprietors two weeks in which to produce a written response to this Exhibit, strictly in reply, and allowed in the material in Exhibits SWG6 to SWG10. This reply came in the form of a Witness statement by Janice Margaret Trebble, dated 13th December 2001, a trade mark agent representing Time.

16. Of less value is Exhibit SWG11, demonstrating attendance from 1992 to 2001 at a conference in Hannover, Germany at which the applicant exhibited its time clocks. This material is irrelevant – it begins some 3 years after the application date, and cannot help the applicants on the passing off issue. I determined that it be excluded.

17. In summary, Mr. Steven Gee's Witness Statement dated 21st November 2001 will be admitted into the proceedings, in the form of paragraph 2 and exhibits SWG3 to SWG10 only. Paragraphs 1 and 3 and Exhibits SWG2 and SWG11 are excluded. The letter from Ms. Coppeletti, dated 29th November 2001is excluded.

Decision

18. I struck out the grounds under ss. 3(1)(a), 3(3) and 3(4) of the Act. Further, I saw no merit in the grounds advanced under s. 46(1)(d), and Article 8(3) of Council Regulation (EC) No.

40/94. In my view none of these grounds could be supported; I suspect that Ms. MacFarland was aware of this, as she directed her attention solely to those remaining under s. 3(6) and s. 5(4)(a).

19. S. 47 states:

> '47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).
>
> Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is
> registered.
>
> (2) The registration of a trade mark may be declared invalid on the ground –
>
> (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
>
> (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,
>
> unless the proprietor of that earlier trade mark or other earlier right has consented to the registration'.

20. Mr. Vanhegan was of the view that the applicants had consented to registration of the mark on behalf of Time. As a result, this 'cut through' the remaining grounds relating to bad faith and to passing off under ss. 5(4)(a) and 3(6) respectively. An application cannot be in 'bad faith' if its registration was consented to by the person alleging the bad faith. And s. 47(2) carries the proviso that s. 5(4) cannot be pleaded where consent has been granted.

21. I note that this provision relating to consent in s. 47(2) mirrors that in s. 5(5). The latter goes to consent and registration:

> '(5) Nothing in this section prevents the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration'.

Under the 1938 Act (see *British Lead Mills Limited's Application* [1958]17 RPC 425, at 427) consent was not conclusive and not binding on the Registrar, but was merely some evidence that there might not be confusion between marks. Paragraph 6.1 of *The Modern Law of Trade Marks*, (Butterworths, 1999) states:

> 'A very important change [under the new Act] however is that, under s 5(5), the registrar cannot now refuse registration on any relative ground if the proprietor of the earlier trade mark or other earlier right concerned consents to the registration. Previously the registrar might take consent into consideration in deciding whether or not to allow registration, but was never bound by it'.

In other words, as explained in the 13th Edition of *Kerly's The Law of Trade Marks and Trade Names*, the Registrar has no discretion to refuse registration in a case where consent has been given, but where he believes confusion may result. Such a matter is left to the commercial judgement of the proprietor.

22. This is a 'homegrown' provision, and not reflected in the Directive. At the hearing I was referred to the following passages of evidence, first from Robbins 1, para. 8:

> '.. I have been unable to locate any correspondence in which Time Systems (UK) Limited advised my company of its intention to file a UK trade mark application, nor any correspondence confirming that the application had been filed or subsequently become registered. In view of my company's continuing intention to supply trade marked products to Blick International Systems Limited after July 1990 (see Exhibit ACR.3), it is not plausible that we would have agreed, either expressly or impliedly, to allow a monopoly to be created which might be used against Blick International Systems Limited. The first formal notification I received that the trade mark had been applied for in the name of Time Systems (UK) Limited was as a result of the search conducted by our UK attorney, as reported to our US attorney by letter dated 31 October 1997. The statement made in point 11(d) of Time Systems' counterstatement that my company was kept informed about the trade mark is not correct'. (Paragraph 8).

23. I also note the following statement from the applicants' Statement of Grounds:

> 'The Applicant notes that Section 47(2) of the Trade Marks Act 1994 provides that the trade mark will not be declared invalid if the proprietor of the earlier right has consented to the registration of the Trade Mark. The Applicant has received no notification from the Proprietor concerning the Trade Mark, or any of the details of the, application for registration, and only learned those details through its own attorney following a search conducted by its UK trade mark agent on 31 October 1997. The Applicant admits that the Proprietor had previously indicated an intention to register the trade mark, but the Applicant does not accept that its failure to act in response to that indication constitutes consent to the registration, in the absence of advice that the Proprietor had actually taken action to register the mark'.

24. I do not accept that this is sufficient for consent, for the purposes of s. 5(5) and s 47(2). I believe that consent must be a clear, positive assertion on behalf the person making it – it must be more than acquiescence and amount to more than an acknowledgement on behalf of the applicants. Ms. Coppeletti states:

> 'We applied to register the mark ACROPRINT in the UK on 26 January 1989. At that time we were the only company selling time recorders in the UK under the mark ACROPRINT. In about March 1989 Roger Taylor verbally told Harold Gray verbally that we had applied to register the mark ACROPRINT (at that time he was the Marketing Director of ATR). He at no time put any limitation on the application, or use of the mark, and in fact encouraged us to register it'.

25. There is obviously a disagreement in the evidence here, but I believe that the onus rests with the party pleading that consent has been granted to prove it. The usual manner in which this would be achieved is via evidence of a consent letter or written contract. I do not believe a verbal statement, merely amounting to an acknowledgement, is enough. I am not prepared to

find against the applicants under the proviso to s. 47(2) on the basis that they were aware that registration was taking place and did nothing.

26. However, I think my approach must be different when it comes to bad faith. In my view, I do not see how the bad faith point can succeed. Time clearly told ATR they were applying for the mark - this is admitted - and ATR did nothing to stop them, or even indicate they were unhappy with the application. Though Time told ATR they had applied for the mark some two months after they had done so, there was no signal from ATR indicating to Time that registering the mark was an act which they would seek to prevent.

27. ATR have contended – as did Ms. MacFarland - that other of their actions were dubious; for example, the sale of goods under the ACROPRINT name that were not manufactured by Time (see paragraph 17 of Mr. Robbins' second Declaration) - but whether this is the case or not, it can have no influence on the *bona fides* of their application, as such. The s. 3(6) ground must fail.

28. The applicants have been unable to show that they have any right in the sign ACROPRINT that is sufficient to invalidate it under the law intrinsic to the Act. Their only remaining ground relates to the common law, that of passing off, under s. 5(4)(a).

29. I adopt the guidance given by the Appointed Person in the *Wild Child Trade Mark* [1998] RPC 455, at 459 to 461:

> 'The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.
>
> A helpful summary of the elements of an action for passing off can be found in *Halsbury's Laws of England* (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to 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] A.C. 731 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 goods or services offered by the defendant are goods or services of the plaintiff; and
>
> (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

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

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

> "To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:
>
> (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
>
> (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.
>
> (a) While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact." '

30. The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC, It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. It is clear from Article 4(4)(b) that the earlier right had to have been acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed. The relevant date is therefore the date of the filing of the application in suit, here, January 1989. In my view, this case turns on whether the applicants can establish a subsisting goodwill under the mark as of that date.

31. Goodwill has been variously defined: for example, as 'Nothing more than the probability, that the old customers will resort to the old place' (as per Lord Eldon in *Cruttwell v Lye*, (1810) 17 Ves 335 at 346)) and, more famously, Lord Macnaghten's '..the attractive force which brings in custom'. The latter definition does not necessarily fix goodwill to a particular physical location, underlining the importance of a mark of trade as a token, or cipher, for the goodwill or, as an American case puts it, it is '.. a property right, for the protection of which a trade-mark is an instrumentality' (*Prestonettes Inc. v Coty*, 264 US 359 at 368 (1924)). Customers, on seeing the trade mark, are reassured the product to which it relates is of a particular quality and/or has certain features with which they are familiar.

32. Goodwill is a property right which, in common with other intellectual property rights, has to be earned by human endeavor. It is created by marketing and trade and is preserved by the same. Though it is possible that goodwill can emerge in a very short space of time, for example, in the context of very great exposure in the media (the *British Broadcasting Corporation v Talbot Motor Company Ltd*. [1981] FSR 228), it usually requires time and effort, unless there are special circumstances (see, for example, *Stannard v Reay* [1967] RPC 589). Further, there are, of course, instances where goodwill may be sustained after trading has ceased, but these are unusual: the nature of this property right means it can slip away if the trade that produced it ceases.

33. And this is even more likely to occur if that trade has been less than extensive. This, as I see it, is the problem the applicants in this matter have. The onus is on them to show that, as of January 1989 they possessed a goodwill in the mark ACROPRINT in the UK for time recording devices. Unfortunately, the evidence they have submitted, does not establish this, both in terms of an unequivocal building of goodwill before that date, and its persistence up to it.

34. Mr. Vanhegan enclosed a chronology with his skeleton that summarised key events revealed by the evidence of the parties. I reproduce a modified and edited version of this in the ANNEX attached to this decision: it provides, in my view, a time frame in which to place the activities of the two parties.

35. The first evidence of note are the invoices dated from 1972 to 1981, and contained in Exhibits ACR 7 and ACR 11 to 14 (all but one of the latter four examples are copies), I have listed below. The 'Product' column records the number of items specified in that particular invoice which, unless indicated, refers to time recorders.

UK Customer	Invoice Number	Date	Amount ($)	Product
English Clock Systems	2099	31/5/72	232.5	3
English Clock Systems	006460	2/11/72	88.75	Spares
English Clock Systems	15350	5/12/74	187.5	1
West Midlands Time Recorders Limited	1030	17/6/77	196.99	1
West Midlands Time Recorders Limited	31461	8/7/77	16.85	100 Brochures
ITR International	36356	15/2/78	17.26	200 Brochures
ITR International	38734	24/5/78	874.35	12
West Midlands Time Recorders Limited	9654	10/7/78	1929.00	10
UK Customer	Invoice Number	Date	Amount ($)	Product

UK Customer	Invoice Number	Date	Amount ($)	Product
Blick International	64657	26/1/81	127.8	Spares
Blick International	65173	12/2/81	8932.5	70
English Clock Systems*	11748	5/3/74	2073.00	30

(* See Exhibit ACR 14)

36. There are also a number of sales summaries (15) in Exhibit ACR7, all hand written, which I have found difficult to interpret, but bespeak a reasonable quantity of business in, at least in spares, but may also include finished products, to the distributors above, and also to another firm, Quartz Electronics Limited, from 1972 to 1987. The total amount of sales is hard to determine. Mr. Robbins says that these exhibits do not include copies of all invoices or summaries, but merely provides a representative example. He gives the total sales ($) made, up to the relevant date, as follows:

English Clock Systems	1972 -1977	43,824.98
ITR International Time Limited	1978 -1982	54,924.15
Quartz Electronics	1984 -1985	28,052.43
Blick International	1981 -1989	237,833.18

Apparently English Clock Systems became Blick International in the late 1970s or early 1980s. They supplied ATR's products alongside Time for a period (see Robbins1, para. 7).

37. Ms. Coppeletti refers to these sales figures, and calculates the number of recorders actually sold up to 1989 as follows (point (e), page 8 of her Declaration):

- English Clock Systems: 435
- ITR 500
- Quartz 280 (my estimate)
- Blick 1980

I am not given any information on the size of the market for these products in the UK, Ms. Coppelletti makes the following claim, which is not disputed:

> 'In 1989 the value of the time recorders ATR sold to us exceeded US$ 100,000. I recall Harold Gray telling me that this was five times the amount ATR had ever sold to the UK in a single year. At roughly $160 per unit, this works out at over 600 units'.

In the context of this, the above figures seem to represent a significant trade on behalf of ATR. But the question remains as to whether it has generated goodwill on their behalf under the name ACROPRINT? The problem is one of the extent to which purchasers were aware of the mark as an indicium of ATR, such that the goodwill accrued to them. Mr. Robbins refers

to the labelling on his products, and on the invoices, sent with them (Robbins 1, para. 5). However, he also refers to a publicity brochure prepared by Time illustrating one of ATR's products (Exhibit ACR 5). He states:

> 'When supplied to Time Systems (UK) Limited the product also carries the name and address of my company. It is not clear from the representation shown in the brochure whether my company's name and address are still present, or whether this information has been subsequently removed (without my company's knowledge) by Time…'

38. He is also unclear as to whether the business with Blick International exposed the applicants' mark to purchasers of their products in the UK. This business occurred from 1981 to 1989, was significant, and extended almost up to the date of the registration of the mark; it would be powerful evidence of ATR's case for goodwill under the mark. Yet Mr. Robbins says (Robbins 1, para. 8): 'In view of my company's continuing intention to supply trade marked products to Blick International Systems Limited after July 1990..', which is not easy to interpret, but suggests that ATR did not supply trade marked products until that time. Ms. Coppelletti is, on the other hand, very clear (para. 17, points (c) and (d)):

> '(c) Attached as Exhibit RC5 are details of the clock faces of time recorders sold by English Clock Systems Limited (ECS) and Smiths Industries Limited (Smiths). Smiths Industries was a very famous clockmaker with a long pedigree …. Originally ECS bought the Model 125 with their name on (see sample in Exhibit RC5). They formed a clock division called English Clocks Systems Limited (ECS) took over the sale of industrial clocks from Smiths, and ECS in turn, bought clocks made with their name on them.
>
> The models 125 and 150 had their logo "ECS" on the face (dial) just below the number 12 and their name, English Clock Systems, on the base of the face. Their name appeared again in the name panel on the front of the case. The name "ACROPRINT" did not appear on them at all. The serial plate did not have the name and address of the manufacturer on it.
>
> ECS sold time recorders, wall dials (clocks) and masterclock systems (to drive the dials) of all shapes and sizes and made the name English Clock Systems famous.
>
> ……
>
> In Exhibit ACR7 there is a copy of an invoice to Blick International Systems dated 12 February 1981 (2-12-81). For easy reference this is reproduced at Exhibit RC7. For each recorder on the order it clearly states "ECS FACE". This is the face that was supplied to English Clock Systems (see paragraph 17(c) above and Exhibit RC5). This is the face that was used for all the time recorders supplied to English Clock Systems, ITR International Time Limited and Blick. The mark ACROPRINT did not appear on the face, the serial plate or any other part of the product or packaging.
>
> In Exhibit RC7 I have also included a copy of extracts from a price list dated 1 February 1989. This is the price list of Blick at that time, and it had been superseded by 29 August 1991. On page 32A Ref. 44 is a 125/150 Job Coster (E.C.S). This is a time recorder with the ECS face shown in Exhibit RC5. Page 13 identifies the recorder more clearly'.

39. Ms. Coppelletti is very certain that the name was not used in the UK before her company's agreement with ATR (paragraphs 4 to 7):

> 'I confirm that my Company has had a commercial relationship with ATR since at least 1988. We, that is I and my colleague Roger Taylor, first became aware of ATR in about 1985/6, when we visited the USA. Before this time, I had never seen any time recorder in the UK bearing the mark ACROPRINT'.
>
> At that time, we knew of the market in time recorders in the UK as we were selling those of other manufacturers and the cards to use with them. …. As a result of my extensive knowledge of the market from sales of cards and other manufacturers' time recorders, I can say that to the best of my knowledge there were no ACROPRINT badged products in the UK at that time at all.
>
> After our visit to the USA, I telephoned Harold Gray of ATR to ask if we could buy time recorders from them to sell in the UK. He advised me that he could not do this as Blick International Systems Limited (Blick) had an exclusive agreement with ATR for the UK.
>
> Although they had exclusive agreement, Blick were not selling ACROPRINT products with the ACROPRINT name on……We applied to register the mark ACROPRINT in the UK on 26 January 1989. At that time we were the only company selling time recorders in the UK under the mark ACROPRINT'.

.

40. None of this is challenged by Mr. Robbins, who gives no information on the extent to which the mark was used on the products sold into the UK market. As Mr. Vanhegan pointed out, only Ms. Coppelletti was in a position to comment on the state of the UK market at the critical time.

41. There is much discussion in the evidence about the quality of the applicants' product. Most of this I regard as irrelevant, but it does seem to be the case that Time carried out extensive modifications to the applicants' products (see Ms. Coppelletti's Declaration, para. 19). And Time were also responsible for the quality of the items sold (see Ms. Coppelletti's Declaration, paras. 8 to 11).

42. ATR do provide some evidence of the use of their name on their own behalf in the UK. This is as follows.

43. First, Mr. Robbins refers to Exhibit ACR5, which is a copy of a publicity brochure prepared by Time in relation to an ATR product. It carries the mark, but Mr. Robbins was unable to confirm that his company's name and address was also present.

44. Next, Exhibits ACR 8 to 10 demonstrate that material carrying ATRs name was circulated to the relevant public by Time, in 1978. A letter from Time (Exhibit 8), dated 3rd February 1978 contains the following request:

> 'We thank you for your letter dated 17 January, and are pleased to inform you that we have received the brochures which you dispatched to us.

However, having sent copies on to our various agents, we 'have received such overwhelming response that we are now in urgent need of further literature. Therefore, we would be grateful to receive at least 100 of each leaflet as soon as possible'.

45. The brochures in question clearly contain ATR's address (Exhibits 9 and 10). I also note that one of the invoices (No. 36356) listed in Exhibit ACR 7 refers to brochures (exhibited again at ACR 11). This material was obviously made available to customers, but is of rather a limited quantity, and took place well before the relevant period.

46. Third, the Witness Statement of Steven William Gee, dated November 2001, also appends the following:

- Exhibit SWG3 - contains a photocopy of the front page, title page and page 74 of the April 1974 issue of the publication 'International Business Equipment', which appears to have been distributed in Europe at that time; it is not self-evidently clear that it was distributed in the UK, but see below. Page 74 carries an advertisement for ACROPRINT brand time clocks of the Applicant and their availability from the applicants at their then current address in the US. It also states: 'DISTRIBUTOR ENQUIRES INVITED'.

- Exhibit SWG4 - comprising a photocopy of the front page, title page and page 35 of the April 1975 issue of the publication 'International Business Equipment'; page 35 carries a similar advertisement to that in Figure SWG3. Likewise it says: 'Distributors Wanted'.

My 'take' on this evidence is that it establishes little. It is clear that the applicants were already selling their products in the UK at this time via their distributor 'English Clock Systems' (see paragraph 6 of Mr. Robbin's Statutory Declaration, and Exhibits SWG5 to SWG10 below), and that some promotion was being undertaken in the UK. However, I know nothing of the circulation of 'International Business Equipment' in the UK. That it might have been circulated in the UK to some extent seems likely – there is a response to these advertisements as follows:

- Exhibit SWG5 - comprising a photocopy of a letter sent to Tonbridge & Mailing District Council, dated 14 May 1974. This is a reply to an inquiry which might have been made in response to one of the above advertisements: there is a reference to 'International Business Equipment' Magazine. Of course, this is no evidence of sales.

Next, there are five letters, all containing similar contents, which suggests they are apparently in response to approaches made by various companies, each expressing a desire to sell the applicants' time recorders in the UK:

- Exhibit SWG6 - comprising a letter sent to Clonbeg Ltd. dated 24 April 1975.

- Exhibit SWG7 - comprising a photocopy of a letter dated 29 November 1979 to Midland Time Recorder Services.

- Exhibit SWG8 - comprising a photocopy of a letter dated 22 June 1982 to De Smitt Donlevy Associates.

- Exhibit SWG9 - comprising a photocopy of a letter dated 20 September 1982 to Morrill Market Development.

- Exhibit SWG10 - comprising a photocopy of a letter dated 12 November 1982 to Hedley-Walker Ltd.

These fall over a period of some seven years; they establish a desire on behalf of the applicants to sell their products in the UK, but do not demonstrate sales as such. They appear to be approaches by potential distributors, and are not indicative of a customer base under the name ACROPRINT as an indicium of ATR. Further, the material is well before the relevant date, and cannot, in my view, support the development of a goodwill on behalf of the applicants.

47. The onus in this matter is on the applicants: I do not believe that they have succeeded in meeting that onus, and the application fails.

48. Finally, I see nothing in the distribution agreements (Exhibits ACR 3 and ACR 4) which fixes the location of the goodwill generated by sale of ACROPRINT marked recorders in the UK. In my view, they are silent on this issue and provide comfort to neither side. Nevertheless, Mr. Vanhegan pointed out:

> '..there is no rule of law or presumption of fact that any goodwill generated by the trading activities of wholly owned subsidiaries belongs to the parent company. (See *Scandecor Developments v Scandecor Marketing* [1999] FSR 26 at 38-40 & 43). Even less therefore where the goodwill may have been generated by a distributor or purchaser at arms length'.

49. On the matter of costs, the applicants have failed, and I order them to pay Time £1000. I have increased the cost order slightly because of the number of grounds pleaded which I regarded as fairly hopeless. This sum is to be paid within seven days 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 19 Day of March 2002.

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General

ANNEX

1972	Date from which applicants asserts has used the ACROPRINT mark on 'time recording apparatus and instrument' in the UK (TM26, para 5).
1972-81	Various invoices and summaries for sales of products (First Robbins' Declaration, para 5, Exhibit ACR 7).
3/2/78	International Time Recorders (a distributor of ATR's products) seek 100 more leaflets from ATR (Second Robbins' Declaration and Exhibit ACR 8).
15/2/78	Applicants sends 100 From 101 & 100 Form 501 leaflets to ITR (Exhibit ACR 11).
1985	Coppeletti & Taylor begin involvement in the time recorder business (Coppeletti para. 1 and Taylor para. 2).
1985-6	No ACROPRINT labelled products in UK (Coppeletti para 1). However, Blick had an exclusive agreement with applicants. Unknown as to whether they sold applicants' machines under the ACROPRINT name in the UK. Coppeletti she was aware of none (paras 6 & 8).
1986	Time Systems imports applicants' time recorders into Eire and into UK (Coppeletti para 7).
13/3/87	Time Systems incorporated (Coppeletti para 1) - Taylor MD until 31/3/2000 (Taylor para 2).
1988	Time Systems and applicants begin commercial relationship (Coppeletti para 4).
26/1/89	Trade mark application filed.
3/89	Taylor tells Harold Gray (applicants' marketing director) of application to register the mark (Coppeletti para 12). This is accepted by Robbins (Declaration 2 para 12).
17/7/89	Time Systems enters into sole supply agreement with applicants (Coppeletti para 12 & Exhibit RC1).
6/7/90	Mark registered
17/7/90	Applicants grants RPs extension of agreement to 31/7/93 'Exclusive save for Blick International' (Exhibit ACR 3).
1/6/91	Sole supply agreement between parties (Exhibit RC1, page 1).