

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 2395371 IN THE NAME
OF ALIEN SYSTEMS & TECHNOLOGIES (PROPRIETARY) LIMITED
TO REGISTER A TRADE MARK IN CLASS 9**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 94193 IN THE NAME OF
PYROGEN TECHNOLOGIES SDN BHD**

Trade Marks Act 1994

**IN THE MATTER OF trade mark application
No. 2395371 in the name of Alien Systems & Technologies (Proprietary) Limited
to register a trade mark in Class 9**

And

**IN THE MATTER OF opposition thereto
under no. 94193 in the name of
Pyrogen Technologies Sdn Bhd**

BACKGROUND

1. On 24 June 2005, Alien Systems & Technologies (Proprietary) Limited made an application to register the trade mark PYROGEN. The application claimed an International Convention priority date based on a registration in South Africa effected on 7 February 2005. The application was made in Class 9 in relation to the following specification of goods:

Fire-extinguishing apparatus.

2. On 3 March 2006, Pyrogen Technologies Sdn Bhd filed notice of opposition to the application, the grounds of opposition being as follows:

1. Section 3(6) the applicants had a business relationship in 2000 with Pyrogen Limited, who gave the applicants the right to market and distribute the PYROGEN products in South Africa. The products were supplied by the opponents to Pyrogen Limited who in turn supplied them to the applicants.

At all relevant times the opponents were the authorised user of the PYROGEN mark and did not, explicitly, implicitly or tacitly authorise the applicants to apply for registration of the PYROGEN mark.

2. Section 5(4)(a) by virtue of the law of passing off.

3. Under Section 56 because the opponents are the proprietors of a mark entitled to protection as a well known mark.

4. Under Section 60 the applicants had a previous working relationship with the opponents through its local subsidiary. As such the applicants were acting as a representative for the opponents and have abused this position in applying to register the PYROGEN mark.

3. The applicants filed a counterstatement in which they deny the grounds on which the opposition is based.

4. Both sides ask that an award of costs be made in their favour.

5. Both sides filed evidence in these proceedings, which, insofar as it may be relevant I have summarised below. The matter came to be heard on 24 May 2007, when the Opponents were represented by Ms Helyn Mensah of Counsel, instructed by D Young & Co, their trade mark attorneys. The applicants were represented by Mr Mark Chacksfield of Counsel, instructed by Sanderson & Co, their trade mark attorneys.

Opponents' evidence

6. This consists of a Statutory Declaration dated 12 September 2006, from Hee Choi, Chief Executive Officer of Pyrogen Technologies Sdn Bhd.

7. Mr Choi states that the PYROGEN technology came to his company under three agreements dated 27 September 1996, 27 June 1997 and 26 September 1997, by which the Federal Centre of Dual Technologies "Soyuz" (Soyuz), granted AES International Pty Limited (AES) the sole and exclusive right to sell, assemble and recharge the products in Europe (other than Germany), the US, Canada and the Pacific Rim region. Copies of the Agreements are shown as Exhibit H-1. In 1996, AES appointed Tyco International Pty Ltd (TYCO) as an exclusive distributor in Australia. Mr Choi says that it was TYCO who coined the name PYROGEN in 1996, and proceeded to register it as a trade mark. Exhibit H-2 consists of copies of registration certificates.

8. Mr Choi continues saying that around August 1997, the opponents who were by that time called Pyrogen Corporation Sdn Bhd acquired AES, under which AES assigned its rights under the Agreements with Soyuz to the opponents. Mr Choi mentions that as can be seen from the Change of Name Certificate shown as Exhibit H-3, Pyrogen Corporation Sdn Bhd changed its name to Pyrogen Technologies Sdn Bhd on 21 September 2004. Mr Choi goes on to refer to a further Agreement dated 8 July 2003, by which Tyco assigned rights to the remaining territories to the opponents. A copy of the Deed of Assignment is shown as Exhibit H-4.

9. Mr Choi states that Pyrogen Limited first used the mark PYROGEN in the UK sometime in 1998 through a UK incorporated company of the same name. He says that the opponents supplied the products to the UK company, who marketed and distributed them in Europe and the UK. Exhibit H-5 consists of a copy of a European Activity Report prepared by Pyrogen Limited for the opponents, and selected invoices and shipping documents. The report is dated June 1999 and is noted as being from Mr Jon Buckley (Pyrogen Ltd) – UK to Mr K.C. Loh (Pyrogen Corporation Sdn Bhd) – Malaysia. The report refers to "LPC and UL approvals" as being paramount to the Pyrogen products success. It mentions advertising having taken place in 10 different publications and journals, and to Pyrogen Limited having taken part in the International Fireexpo'99 exhibition in Birmingham with over 100 good quality visitors to the stand. The report also states at page 5 that "The key to early and maximum exposure and market penetration of the Pyrogen product is the appointment of the

most suitable sub-distributors.”, later referring to having had 170 companies apply as potential distributors. The invoices and shipping documentation date from the period April 1999 to April 2001. All relate to sales and shipping of PYROGEN products by the opponents to Pyrogen Limited.

10. Mr Choi refers to his company acquiring Pyrogen Limited on 24 February 2000, the company becoming a wholly owned subsidiary with Mr Choi becoming one of the Directors. Exhibit H-6 consists of a copy of Pyrogen Limited’s Directors’ Report and Financial Statements for the year ending 31 December 2000 confirming both events. Mr Choi later says that from the time Pyrogen Limited became a subsidiary company, the opponents had exercised control over the company’s use of the PYROGEN mark.

11, Mr Choi states that between 1998 and 2001, Pyrogen Limited had “intensively and extensively” marketed the PYROGEN products, which from January 2002 has included the operation of a website www.pyrogen.co.uk. Exhibit H-7 consists of extracts obtained from the website on 15 December 2005, a screenshot taken on 2 August 2006, and copies of various advertisements. The screen prints give details, *inter alia*, about PYROGEN, describing the product as an “Aerosol Fire Suppression System”, but casts no light back to a time prior to the relevant date. The screenshot is headed PYROGEN and Pyrogen (UK) Limited, stating that requests for information concerning the PYROGEN product should be addressed to Pyroshield Limited, noting Jon Buckley as the Operations Director. The remaining part of the exhibit consists of an advertising feature that appeared in the September 1998 edition of Fire magazine, features that appeared in the October-November 1998 and April 1999 editions of Fire Safety Engineering, the May 1999 issue of Fire Prevention magazine, the August 1999 edition of the IFPO Journal, the December 1999 edition of Electrical Products magazine, the 10 May 2000 edition of The Birmingham Post newspaper, the September 2000 issues of Fire Engineers Journal and the Industrial Fire Journal, an advertisement that appeared in the May 2001 edition of FSE magazine and a feature referring to Pyrogen being at the International Firex 2000 exposition. All mention the PYROGEN product.

12. Mr Choi refers to the PYROGEN product having been certified *inter alia*, by the UK Marine and Coastguard Agency, Bureau Veritas and The American Bureau of Shipping in the period from December 1999 to May 2003. Details are shown as Exhibit H-8.

13. Mr Choi goes on to give details of the turnover derived from sales of PYROGEN products in the UK between 1999 and 2002, stating this to be £763,965. In support he refers to the sales figures contained within the Pyrogen Limited’s Director’s Report and Financial Statements for the years ending 31 December 2000, 31 December 2001 and 31 December 2002 found as Exhibit H-9. Mr Choi says that because of adverse business circumstances, Pyrogen Limited was wound up at the end of 2004 and is currently in liquidation. He says that his company has continued to supply PYROGEN products to another UK distributor trading under the name Pyroshield Limited, Exhibit H-10 consisting of copies of invoices, e-mails, and a screenshot of the Pyrogen Limited website printed on 19 August 2006 show Pyroshield Limited as the alternative contact. The invoices straddle the relevant date, but those originating from prior to this show the opponents to be supplying the PYROGEN product to Pyroshield Limited.

14. Mr Choi goes on to assert that the applicants are not the principal rights holder for the PYROGEN mark because they derived those rights from Pyrogen Limited. He says documentation shows that in 2000 Pyrogen Limited supplied the PYROGEN product to the applicants and allowed them to market and distribute the product in South Africa. Mr Choi says that the product had originated from his company who had supplied it to Pyrogen Limited. He refers to Exhibit H-11 which consists of correspondence and documentation dating from March 2001 that shows the applicants on a Pyrogen Limited “Aged Debtor Analysis (Summary)” and a list of transactions whereby the applicants were supplied with PYROGEN goods. The list also includes an entry for the opponents. Mr Choi refers to the extracts from the applicants’ website, drawing attention to the reference that in February 2001 the company had obtained full agency for the African continent for products bearing the PYROGEN trade mark, and to the statement that it is an agent for these goods having obtained a 5 year agreement with Pyrogen UK.

15. Mr Choi states that the applicants would not have known the PYROGEN trade mark until after their business dealings with his company’s subsidiary Pyrogen Limited. He concludes the Declaration by making submissions on the substance of the opponents’ case.

Applicants’ evidence

16. This consists of a Witness Statement dated 11 December 2006, from Paul John Wright, a Director of Alien Systems and Technologies (Proprietary) Limited, the applicants for the mark that is the subject of these proceedings.

17. Much of Mr Wright’s Statement consists of submissions on Mr Choi’s Declaration. Mr Wright systematically goes through the paragraphs of Mr Choi’s Declaration, admitting or denying the statements made. As the Statement consists of submissions on the contents and substance of the opponents’ evidence, I do not consider it to be necessary or appropriate that they should be summarised as evidence. I will, of course, take them fully into account in my determination of this case. Mr Wright provides copies of four invoices filed by Mr Choi as part of Exhibit H-5, which he shows as Exhibits W1, W2, W3 and W4. Mr Wright asserts that the sales shown are very small, particularly in comparison with the overall turnover of Pyrogen Limited. Mr Wright also exhibits the documents filed by Mr Choi as Exhibit H-9 and H-10 as Exhibits W5, W6, W7, W8 and W9 to his Statement.

18. Mr Wright admits that the application that is the subject of these proceedings was filed subsequent to his company having a business relationship with the UK company, Pyrogen Limited. He says that insofar as that or any other company had any rights in the UK, these were abandoned when the UK company went into liquidation, and the applicant was thereafter entitled to make the application to register PYROGEN.

19. That concludes my summary of the evidence insofar as it is relevant to these proceedings.

DECISION

20. Ms Mensah put the opponents' case as existing primarily under Section 60, followed by Section 3(6), and in the alternative Section 5(4)(a). No reliance was placed on Section 56, and I therefore do not propose to give that section any further consideration. Turning first to the ground under Section 60 of the Act. That section reads as follows:

“60. - (1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

(3) If the application (not being so opposed) is granted, the proprietor may-

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

(4) The proprietor may (notwithstanding the rights conferred by this Act in relation to a registered trade mark) by injunction restrain any use of the trade mark in the United Kingdom which is not authorised by him.

(5) Subsections (2), (3) and (4) do not apply if, or to the extent that, the agent or representative justifies his action.

(6) An application under subsection (3)(a) or (b) must be made within three years of the proprietor becoming aware of the registration; and no injunction shall be granted under subsection (4) in respect of a use in which the proprietor has acquiesced for a continuous period of three years or more.”

21. Section 55(1) of the Act states:

“55. - (1) In this Act-

(a) “the Paris Convention” means the Paris Convention for the Protection of Industrial Property of March 20th 1883, as revised or amended from time to time,

(aa) “the WTO agreement” means the Agreement establishing the World Trade Organisation signed at Marrakesh on 15th April 1994, and

(b) a “Convention country” means a country, other than the United Kingdom, which is a party to that Convention or to the Agreement.”

Proprietor of the trade mark in a Convention country

22. A number of the registrations shown as Exhibit H-2 have the opponents recorded as the owners of trade mark registrations for the word PYROGEN in a number of Convention countries, in respect of “fire extinguishing apparatus.” These passed to them on assignment from Tyco International Pty Ltd and by the acquisition of AES. Although the assignments were not recorded until after the relevant date in these proceedings, Mr Choi states that they effectively passed to his company by virtue of two assignments, the first dating from August 1997 when his company acquired AES, the second being dated 8 July 2003, by which Tyco assigned its rights. Accordingly the opponents were the proprietors of the mark prior to the date on which the application in suit was made. The applicants do not, in any event, dispute this.

Agent or representative?

23. Mr Chacksfield disputes that the applicants were an agent or representative of the person who is the proprietor of the mark in a convention country, a requirement for Section 60 to bite. He appears to accept that there was a contractual relationship between the applicants and the opponents’ subsidiary Pyrogen UK Limited covering the South African market. He does not accept that this arrangement was as an agent or representative, stating that they were no more than a distributor. He further argues that if there is to be an objection under Section 60 it would have to be by the subsidiary company and not the parent company.

24. The first question is whether there is evidence of Alien Systems & Technologies (Proprietary) Limited being an agent or representative for the PYROGEN product. Exhibit H-11 consists of correspondence and documentation dating from March 2001, that shows the applicants on a Pyrogen Limited “Aged Debtor Analysis (Detailed)” and a list of transactions relating, amongst other things, to the supply of PYROGEN products to the applicants. Exhibit H12 consists of extracts from the applicants’ website. This contains two references, the first consisting of a chronology that refers to “AST gains full Pyrogen agency for the entire African continent” in February 2001. The second states “...in addition to the above we are also the agents for a product known internationally as PYROGEN” and “Alien Systems Technologies has a 5 year agreement with Pyrogen U.K. to promote and support this product.” Whether or not the person responsible for putting the applicants’ website together gave any thought to the precise legal nature of the company’s relationship with Pyrogen Limited, to the outside world the company was being promoted as an agent or agency for Pyrogen UK in the supply of the PYROGEN product. There is a handwritten note that was faxed from “Paul” of Alien Systems Technologies (Pty) Ltd to John Buckley of Pyrogen Ltd relating to an unauthorised dealer in PYROGEN branded products, and products using this technology.

25. On the evidence there can be little doubt that there was a commercial relationship between the opponents, who supplied the PYROGEN product to their wholly owned UK subsidiary, Pyrogen Limited, who in turn authorised the applicants to sell the product in Africa. Mr Chacksfield argues that the applicants were no more than a distributor. Does that make them an agent or representative within the meaning of Section 60? The “Notes of the Trade Marks Act 1994” published by the Patent Office and based upon the Notes on Clauses used by Parliament when the Trade Mark Bill was before it, states in relation to section

60(1):

“defines the scope of the section:- it applies where an application for registration is made by an agent or representative of a person who is the proprietor of the mark concerned in a country which is party to the Paris Convention. “Agent or representative” means in particular a commercial agent or representative (such as a distributor), but can also include a legal agent or representative”.

26. Whilst I accept that these notes have no legal standing and I am not bound them, they provide a useful insight into the intended scope of Section 60 of the Act. Clearly the draughtsmen saw no reason to draw a distinction between the roles of a representative, agent or distributor. Ms Mensah referred me to the *TRAVELPRO* and *GOLF COURTS* cases. In *Golf Courts* (BL0/111/03) at paragraph 3, Ms Ruth Annand sitting as the Appointed person took the following view on the scope of Section 60(1):

“As its title indicates, section 60 was introduced in the TMA in order to implement the UK’s obligations under Article 6septies of the Paris Convention. The purpose of Article 6septies is to deal with the relationship between the proprietor of a mark and his agent or representative regarding registration or use of the mark by the latter and, in particular, the difficulties that can arise upon termination of the relationship when there might be inadequate or no contractual provision. Consistent with that purpose, the words “agent or representative” are not interpreted in a narrow legal sense but include, for example, distributors. Similarly, the provision may be applied where the mark in suit is not identical but similar to the mark of the proprietor concerned (*TRAVELPRO Trade Mark* [1997] RPC 864, *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, Professor G. H. C. Bodenhausen, 1968).”

27. From this I do not see that there can be any question that a distributor falls within the description of an “agent” or “representative”. That, however, is not the end of the matter. Mr Chacksfield went on to argue that even if the applicants were an agent or representative, it was of Pyrogen Limited and not the opponents, Pyrogen Technologies Sdn Bhd.

28. Mr Chacksfield submitted that the purpose of Section 60, section 6septies of the Paris Convention is “to stop a party who is in a fiduciary-type relationship from abusing that relationship, and where there has been “a clear enunciation of an intention to trade in the market, we can go and do it because we are not taking anything away from the principal.” That, he submitted, is exactly how it is put in the OHIM Guidelines.

29. Referring to Chitty on Contracts – the Central Principles of Contract Law, Mr Chacksfield went on to reiterate that for Section 60 to bite there would have to be a business relationship between the proprietor of the disputed mark and the applicants “that imposes a fiduciary relationship, a relationship of trust and confidentiality.” He said it is absolutely clear in English law that commercial contracts do not do this unless there is something specific in them to say that they do. The rule of privity of contract is the principle that a third party cannot sue for damages on a contract to which he is not a party, or in the context of this case, the opponents cannot use the provisions of Section 60(1) because the applicants were not their agent or representative. Whilst I do not dispute Mr Chacksfield’s arguments in

relation to contract law, Section 60 does not say that there must be a contract with the proprietor. Professor Bodenhausen's Guide says in this regard:

"(b) The Article under consideration deals with a special situation, namely, the relationship between the *proprietor of a mark* and *his agent or representative* regarding *registration or use of the mark by the latter*. In many cases such relationship will be adequately regulated by contract, but in other cases a contract will not exist or it will be silent or inadequate on the subject. " It will sometimes be in the interest also of the proprietor of the mark if his agent or representative in a given country, on his own initiative, takes the necessary measures to protect the mark by registration and by using it in view of possible user requirements, but grave difficulties may then arise with respect to the exclusive right to use the mark, or once the relationship between the parties is terminated.

If the application of the provision under consideration is requested in a country of the Union, the competent authorities of such country will first have to determine whether the person who has applied for registration of the mark in his own name in that country *can be considered to be the agent or representative* of the proprietor of the mark in one of the countries of the Union. In view of the purpose of the provision the above wording will probably not be interpreted in a narrow legal sense, so that the provision will also be applied to those who have acted as distributors of goods bearing the mark and who have applied for registration of that mark in their own name.

Although there is no reference to service marks in the history of the provision, the adoption of the word "mark," at the time when service marks were introduced into the Convention, will allow the provision to be applied not only to *trademarks* but also to *service marks*."

30. Clearly Professor Bodenhausen does not consider a formal contract to be a prerequisite of Section 60. The only requirement is the applicant is an agent or representative of a person who is the proprietor of the mark in a Convention country. The question is whether, having been an agent or representative of a wholly-owned subsidiary of the proprietor is sufficient to invoke the provisions of Section 60?

31. The question of the use of trade marks within a group of related companies was addressed in the *AL BASSAM* trade mark case [1994] RPC 315. Ms Mensah referred me to the following paragraphs at line 28, page 351:

"Mr. Baldwin asserted that the mark in suit is a house mark of Courtauld, even though used by its subsidiaries. The function of the mark is to indicate the trade origin of goods and the origin of the goods in suit is the Courtauld Group. Registration of the mark in suit in the name of Courtauld will deceive nobody. He drew support for his argument from *Revlon Inc and others v. Cripps & Lee Ltd. and others* [1980] F.S.R. 85. This case, brought against infringement and passing off, involved questions of trade connections as between the parent company Revlon Inc and its subsidiaries. At first instance, Dillon J said (page 95 *et seq*):-

"Mr. Prescott argues very succinctly that Revlon Suisse, Revlon Overseas and Revlon International are separate companies from Revlon Inc, that Revlon Suisse, Revlon Overseas and Revlon International have never produced or marketed any of the anti-dandruff Revlon products, and Revlon International specifically decided not to market them in the United Kingdom. He adds that they have never consented to the use of the mark REVLON FLEX by Revlon Inc in respect of such goods because their consent was never required.

That argument is, I apprehend, unanswerable if it is correct to place such emphasis on the fact that the individual group companies, which are co-plaintiffs in this action, are in law separate entities. In my judgment, however, this narrow emphasis on the individuality of companies in a group is not in accordance with recent authorities: see *DHN Food Distributors Ltd. v. Tower Hamlets London Borough Council* [1976] 1 W.L.R. 852 where Lord Denning MR said at page 860:-

" "We all know that in many respects a group of companies are treated together for the purpose of general accounts, balance sheet, and profit and loss accounts. They are treated as one concern. Professor Gower in *Modern Company Law*, 3rd ed (1969), 216 says: "there is evidence of a general tendency to ignore the separate legal entities of various companies within a group, and to look instead at the economic entity of the whole group". This is especially the case when a parent company owns all the shares of the subsidiaries - so much so that it can control every movement of the subsidiaries. These subsidiaries are bound hand and foot to the parent company and must do just what the parent company says. A striking instance is the decision of the House, of Lords in *Harold Holdsworth & Co (Wakefield) Ltd. v. Caddies* [1955] 1 W.L.R. 352. So here. This group is virtually the same as a partnership in which all the three companies are partners. They should not be treated separately so as to be defeated on a technical point. They should not be deprived of the compensation which should justly be payable for disturbance. The three companies should, for present purposes, be treated as one, and the parent company DHN should be treated as that one. So DHN are entitled to claim compensation accordingly. It was not necessary for them to go through a conveyancing device to get it" "

and at line 11, page 353:

"This approach is in line with the approach adopted long before in traded mark law by the Comptroller-General in *RADIATION Trade Mark* (1930) 47 R.P.C. 37 at 43 where he stated the question of the effect of use of a trade mark by one company in a group as a practical question. He considered what the position would have been if all the companies in the group had been branches of a single company and concluded that treating the question as a practical one the formal constitution of the group as a group of companies did not prevent the then applicants from holding a trade mark which indicated the connection of the whole group of companies with the goods to

which it was applied: see also the references to the RADIATION case by Salmon and Cross L.Js. in GE Trade Mark [1970] R.P.C. 339.”

32. Ms Mensah argued that taking the passages as a whole, it is clear that the main question is one of practicality. What is the position of the parent company vis-a-vis the wholly owned subsidiary? Ms Mensah stated that the opponents owned the whole of Pyrogen UK’s shareholding, and had legal and practical control, and for the purposes of these proceedings should be treated as being Pyrogen UK. She further argued that if the parent company had revoked Pyrogen UK’s authority to deal with the applicants, it could not have continued to do so.

33. Mr Chacksfield pointed out that Pyrogen UK had not always been a subsidiary of the opponents. That is confirmed by Mr Choi, who states that having started supplying Pyrogen UK in 1998, the opponents acquired the company as a wholly owned subsidiary on 24 February 2000. Mr Choi also confirms that the subsidiary was wound up at the end of 2004. The screen print taken from the applicants’ website shows that they became an agent for PYROGEN in February 2001, within the period that the company was active and a subsidiary of the opponents.

34. Mr Chacksfield highlights that all of the documentation relating to the trading activities of Pyrogen UK fall within the period 2001 to 2002, during which time the company was being kept afloat through the support of the opponents. He argues that the “deafening silence after 2002” when the opponents “pulled the plug” is indicative of the fact that Pyrogen UK effectively ceased to trade in 2002. Added to the fact that the second assignment from TYCO to the opponents that was effected in 2003 covered the Pacific Rim area, Mr Chacksfield asserted that this indicates that post 2002 the opponents had no interest in the UK.

35. The argument is that in 2002 the opponents abandoned their use and rights to PYROGEN in the UK, and that the applicants were perfectly at liberty to move in. There is no proviso to Section 60(1) that provides an escape route, it simply bars an agent or representative from seeking to register a mark that they have used in that capacity. Even so, I find it difficult to accept that the intent of the section is to prevent an agent from registering a mark for all time should other circumstances, such as a clear abandonment, permit. In any event, Mr Chacksfield’s argument does not take into account the opponents’ continuing trade in PYROGEN effected through Pyroshield Limited. Whilst it is not known when this commenced, the documentation at Exhibit H-10 shows it was prior to the relevant date, and at least as early as February 2004. I accept that some of the invoices refer to the goods by codes such as MAG 2 rather than as PYROGEN, but if taken with Exhibit H-7 it is possible to see that these are PYROGEN products. There is also the website www.pyrogen.co.uk that Mr Choi says has been continuously online since around 24 January 2002, a claim that has not been challenged.

36. I have found the opponents to be the proprietor of the PYROGEN mark in a convention country, and the applicants to have been their agent or representative, albeit through the vehicle of the subsidiary, Pyrogen Limited. That company appears to have ceased trading at some point in 2002, suggesting that at that time the opponents’ connection with the UK had diminished, and may even have ceased. However, at least as early as 4 February 2004, they had a resumed interest through Pyroshield Limited and clearly had not abandoned the mark.

I therefore find the case under Section 60(1) to have been made out, and the opposition succeeds on this ground.

37. Whilst my decision effectively decides the matter, for completeness I will go on to determine the remaining grounds of opposition. Turning next to the ground under Section 3(6). That section reads as follows:

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

38. In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

39. In *Harrison v. Teton Valley Trading Co* [2005] FSR 10, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

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

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

40. Thus, in considering the actions of the registered proprietor, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

41. In the Privy Council judgment in *Barlow Clowes International Ltd v. Eurotrust International Ltd* [2005] UKPC 37, their Lordships took the opportunity to clarify the speculation that *Twinsectra* had changed the law. The judgment confirmed the House of Lords' test for dishonesty that had been applied in *Twinsectra*, i.e. the combined test, and clarified their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standards of honesty is not part of the test.

42. The applicability of these principles has more recently been confirmed in *Ajit Weekly Trade Mark* [2006] R.P.C. 25.

43. The date at which the matter must be considered is the date on which the application in suit was made, that is 24 June 2005.

44. The PYROGEN technology came to the opponents under agreements dated 27 September 1996, 27 June 2007 and 26 September 1997, by which the Federal Centre of Dual Technologies "Soyuz" (Soyuz), granted AES International Pty Limited (AES) the sole and exclusive right to sell, assemble and recharge the products in Europe (other than Germany), the US, Canada and the Pacific Rim region. In 1996, AES appointed Tyco International Pty Ltd (TYCO) as an exclusive distributor in Australia. According to Mr Choi it was TYCO who coined the name PYROGEN in 1996, and proceeded to register it as a trade mark. Around August 1997, the opponents acquired AES and its rights under the Agreements with Soyuz. By way of a further Agreement dated 8 July 2003, Tyco assigned the rights to the remaining territories to the opponents.

45. In 1998, a company trading under the name Pyrogen Limited used the mark PYROGEN in the UK, the opponents supplying the products to that company, who marketed and distributed them in Europe and the UK. There is little evidence relating to this company or how it came to use PYROGEN as part of its name. Given that this is not an ordinary word it would seem reasonable to infer that its adoption was the result of its involvement with the PYROGEN product. On 24 February 2000, the company became a wholly owned subsidiary of the opponents. According to Mr Choi, between 1998 and 2001, Pyrogen Limited had intensively and extensively marketed the PYROGEN products, which from January 2002 included the operation of a website www.pyrogen.co.uk. Pyrogen Limited was wound up at the end of 2004 and is currently in liquidation, but the opponents say that they continued to supply PYROGEN products to another UK distributor trading under the name Pyroshield Limited. A screenshot from the website of Pyrogen (UK) Limited states that requests for information concerning the PYROGEN product should be addressed to Pyroshield Limited. There is no evidence that says when Pyroshield became involved with the PYROGEN product, but it is known to be at least as early as February 2004.

46. It is not stated exactly when the arrangement started, but some time in 2000, Pyrogen Limited were supplying the PYROGEN product to the applicants who marketed and distributed the product in South Africa. The opponents supplied the products to Pyrogen Limited, who in turn supplied them to the applicants. In February 2001 the applicants obtained a 5 year agreement with Pyrogen Limited granting them full agency for the African continent.

47. As I have already mentioned, the applicants say that they understood Pyrogen Limited had ceased trading, and on that basis considered the PYROGEN mark to have "...effectively been abandoned" and accordingly, they were entitled to file the application. Mr Chacksfield put the period of abandonment to be between 2002 and 2003. There is an obvious gap in the evidence relating to the activities of Pyrogen Limited, for example, the Director's Reports and Financial Accounts shown as Exhibit H-9 cover the years ending 31 December 2000 through to 31 December 2002, and nothing thereafter. Part of Exhibit H-11 includes a faxed letter sent on 28 October 2002 by Pyrogen Africa (Pty) Ltd to Jon Buckley of Pyrogen UK referring to outstanding deliveries, and to orders "forthcoming in January 2003." This seems to be an indication that Pyrogen Limited were still around in October 2002. Although references to "long and delayed deliveries" could raise doubts over whether they were actively trading, the applicants clearly believed that they were. The completion of the Certificate of Type Approval and Design Assessments in August 2002 and May 2003 are an indication that the company still had an ongoing interest in the PYROGEN product, but as Mr Chacksfield asserts, do not establish that there was any trade.

48. Given the rather specialised nature of the products I do not see that it would have proved too difficult to uncover any use, which in turn should have revealed Pyroshield. So, assuming that the applicants acted responsibly and made investigations into whether the opponents had continued to use PYROGEN in the UK, the period of alleged abandonment could, at best have run from October 2002 to January 2004. They should therefore have been aware prior to the application being made that the opponents were still selling their products in the UK.

49. On the facts as I see them, I have little difficulty in coming to the view that in seeking to register PYROGEN the applicants were acting in bad faith, and the ground under Section 3(6) also succeeds.

50. This leaves the ground under Section 5(4)(a). That section reads as follows:

"5.-(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, 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".

51. The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] R.P.C. 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

(1) that the opponents' 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 applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponents; and

(3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

52. To the above I add the comments of Pumfrey J in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

53. 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. The relevant date may therefore be either the date of the application for the mark in suit (although not later), or the date at which the acts first complained of commenced, as per the comments in *Cadbury Schweppes Pty Ltd v The Pub Squash Co Pty Ltd* [1981] RPC 429.

54. There is no evidence that the opponents have ever traded in the UK themselves. From some time in 1998 through to February 2001 the business was transacted through Pyrogen Limited, a company with no apparent corporate connection with the opponents. Whether this relationship was regulated by any form of licence, agreement or contract is not known; there is no evidence that it was. Thereafter, Pyrogen Limited continued as a wholly owned subsidiary of the opponents, albeit with its trading status post 2002 being rather uncertain. In 2004 the company ceased trading.

55. The publicity material relating to this period refers to Pyrogen Limited in connection with the PYROGEN product; there is no mention of the opponents. That is the case when Pyrogen Limited was operating independently and as a subsidiary. Ms Mensah referred me to the decision in *Scandecor Development v Scandecor Marketing* [1999] F.S.R. 26 CA. That decision was considered by Kevin Garnett QC sitting as a Deputy Judge in *MedGen v Passion for Life Products* [2001] FSR 30. On my reading of the *Scandecor* and *MedGen* cases it would appear that any goodwill generated prior to Pyrogen Limited becoming a wholly-owned subsidiary accrued to that company and not the opponents.

56. In January 2004, another independent company named Pyroshield Limited took over the trade in PYROGEN products in the UK. Again there is no mention of there being any formal basis for this arrangement, and as before, all publicity material referred either to Pyrogen Limited, Pyroshield Limited, or both. Therefore the position regarding any goodwill mirrors that of Pyrogen Limited prior to them becoming a subsidiary of the opponents.

57. This leaves the position in the years when Pyrogen Limited operated as a wholly-owned subsidiary of the opponents. Ms Mensah has referred me, in particular to the following paragraphs from *Scandecor*:

“Goodwill-general

The effects of the expansion of international trade, the globalisation of markets and the growth of multi-national corporate conglomerates, are all reflected in this and similar disputes. A company incorporated outside the United Kingdom and carrying on business in a number of other countries may expand into the U.K. market in a number of different ways. It may establish a branch or form a subsidiary company to manufacture or to trade in its products or services in the United Kingdom; or it may appoint an unconnected company to act as the sole or exclusive distributor of its products or the supplier of services in that local territory for a fixed term, or until terminated on notice or other specified events; or it may enter into an agreement with a local company to make and sell its products under licence. The local company may use the same marks in the territory as the foreign company uses in other territories both in its corporate name and in relation to its products and services. No problems are likely to occur while the local subsidiary, distributor, agent or licensee company is a member of the same group or is bound by a contractual arrangement containing provisions governing the use of the mark. Difficulties, like those in the present case, are likely to arise when the corporate or the contractual connection is severed and there are no express post-termination contractual provisions designed specifically to regulate the future use of the mark in the local territory. Who is then entitled to use the mark in relation to goods or service or in the corporate or trading name?

The legal response is that this problem, if not solved by agreements, is ultimately soluble only by a factual inquiry with all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome. There are no quick, cheap or easy answers to be found in hard and fast legal rules, in binding precedents or in clear-cut factual and legal presumptions. As Lord Oliver said in his speech in *Reckitt & Colman Properties Ltd v. Borden Inc.* [1990] 1 W.L.R. 491 at 499C:

”Although Your Lordships were referred in the course of argument to a large number of reported cases, this is not a branch of the law in which reference to other cases is of any real assistance except analogically. It has been observed more than once that the questions which arise are, in general, questions of fact.”

58. Later in their decision in *Scandecor* the Court of Appeal took the following view on the ownership of goodwill in a parent-subsiidiary relationship:

“There is no rule of law or presumption of fact that the goodwill generated by the trading activities of a wholly-owned subsidiary company belongs to the parent company or is the subject of an implied, if not an express, licence in favour of the subsidiary. It may happen, as observed by Oliver L.J. in *Habib Bank Ltd v. Habib Bank AG Zurich* [1982] R.P.C. 1 at pages 20 and 30, that the goodwill in a mark is "shared" in the sense that an internationally known business based abroad, which establishes a branch in this country as part of that international organisation, does not cease to be entitled to its existing goodwill because there is also a goodwill in the local branch. In that situation it would be correct to assert that the international organisation retains its existing "international" goodwill and that the newly created branch or subsidiary company has a local goodwill in the business carried on by it in this country--at the very least for the purpose of protecting it against injury by third parties.”

59. As I have already said, there is no evidence that the opponents have ever directly traded in the UK themselves so had no prior goodwill at the time that they became involved with Pyrogen Limited. They did not establish that company; it was neither a branch or a subsidiary, but a commercially distinct operation with no apparent connection other than the use of the PYROGEN name. As far as I can see there is not a single mention of the opponents in any of the promotional material and features exhibited. There is no evidence that there was any formal contractual arrangements, be it governing the use of the mark or otherwise. Nor is there any evidence that when the opponents bought the company they also acquired any goodwill. I do not see that I can simply infer that they did; it is not always the case.

60. On these facts I do not see that I can conclude that the opponents have at any time been in possession of any goodwill in the UK. Whilst this conclusion removes the need to consider whether the opponents should be deemed to have abandoned any goodwill, which is a different question to whether they had abandoned the mark, I will, for completeness go on to consider this question. Ms Mensah referred me to the decision in *Sutherland v V2 Music Limited* [2002] EWHC 14, in particular paragraphs 11 to 14, which read as follows:

“11 It appears to me that a consideration of the law as it applies to cases of residual goodwill should start with a reference to *Star Industrial Co. Ltd v. Yap Kwee Kor* [1976] F.S.R. 256. In that case the plaintiff, a Hong Kong company, had been exporting to Singapore toothbrushes under the name "Ace" and in a distinctive get-up. In 1965, as a result of the imposition of import duties introduced by the Singapore government, the plaintiff stopped exporting to Singapore. In 1968, the defendant started selling toothbrushes in Singapore. They carried a mark, and bore a get-up, which closely imitated that used on the plaintiff's former products. It appears that the plaintiff had assigned its rights in the market to a new Singaporean subsidiary which--importantly--was not a party to the passing-off action brought against the defendant. The Privy Council upheld the decision of the High Court and Court of Appeal in Singapore that the plaintiff's action failed. It was held as a fact that the plaintiff had abandoned the business in Singapore or, perhaps more accurately, had partly abandoned it and partly transferred it to another company which was not party to the proceedings.

12 The opinion of the Privy Council is easy to understand. If a party abandons a business and the goodwill associated with it he cannot subsequently sue to protect that goodwill. He has relinquished any interest in the goodwill. Furthermore, adopting the approach favoured by Mr Speck, if there is abandonment of business it is likely that the former owner will be unable to show any likelihood of damage because there is nothing left to damage. However, there is at least one passage in the *Star Industrial* case which suggests that there might be a different result if there is no abandonment. At page 270 of the report Lord Diplock said:

“At common law this right of user of the mark or get-up in Singapore was incapable of being assigned except with the goodwill of that part of the business of the Hong Kong Company in connection with which it had previously been used. So, if despite the temporary cesser of the Hong Kong Company's business in Singapore after the import duty on toothbrushes had been imposed in 1965, it still retained--as well it might (cf. *Mouson & Co. v. Boehm* (1884) 26 Ch. Div. 398)--a residue of goodwill capable of being revived in 1968, any right or property in that goodwill would have passed to the Singaporean company under the agreement.”

13 This suggests that temporary cessation of a business, in that case of about three years, does not necessarily destroy the goodwill in the business, although, no doubt, over time that goodwill will shrink and eventually disappear.

14 The need to concentrate on what is happening to the goodwill is important because it is that which an action for passing-off is intended to protect. This can be seen, for example, in the well-known statement of Parker J. in *Burberry's v. Cording* (1909) 26 R.P.C. 693, where he said:

“The principles of law applicable to a case of this sort are well known. On the other hand, apart from the law as to trademark, no one can claim monopoly rights in the use of a word or name. On the other hand, no one is entitled to 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. If 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 property in the trade or goodwill which will be injured by its use.”

61. Laddie J went on to cite the decision of Pennycuik V.-C. in *Ad--Lib Club Limited v. Granville* [1971] F.S.R. 1, in which the Vice Chancellor said:

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.”

62. In determining the question of “fact and degree”, Mr Justice Laddie went on to look at the aspects and extent of the reputation and fame relied upon, and how much, if any survived to the relevant date. Working on the basis that the opponents’ potential goodwill commenced with the use by Pyrogen Limited in 1998, continuing through Pyroshield Limited up to and past the relevant date, the most that could be said is that there is a gap of around one to two years. This is the period between 2002 and 2004 when there is no evidence of actual trade. However, in this scenario the use resumed a year prior to the application being filed so even if there had been abandonment, this would have been negated.

63. Alternatively, proceeding on the basis that only the use by Pyrogen Limited, whether as a separate entity or a subsidiary of the opponents garnered any goodwill, this leaves a period of non-use running from 2002 through to February 2005, the date of application (taking into account the convention priority). The Director’s Report and Financial Accounts shown as Exhibit H-9 cover the years ending 31 December 2000 through to 31 December 2002, and show total sales amounting to some £763,965. This does not seem to be a particularly large sum, but has to be taken in the context of being in relation to a single and specialized product. The evidence relating to the promotion of the PYROGEN product is rather limited, going only to May 2001, and as I have already said, none mention the opponents. The existence of the website provides a means for continued contact with the trade and consumers, but there is nothing by which to gauge its impact, nor any link to the opponents. To my mind, based on the “facts” and “degree” of the use made in the period up to the end of 2002, I would assess the likely reputation as being sufficiently limited as to be unlikely to survive the vacuum up to the date of application.

64. Accordingly, I come to the position that even if the opponents had any goodwill, by the time that the application came to be made it would have evaporated. The ground under Section 5(4)(a) therefore fails.

65. The opposition having been successful, the opponents are entitled to a contribution towards their costs. I therefore order that the applicants pay the opponents the sum of £3,450 towards their costs. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this day of October 2007

**Mike Foley
for the Registrar
the Comptroller-General**