

O/328/12

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 2574985
IN THE NAME OF SCOTT CORNWALL LIMITED
FOR THE TRADE MARK**



IN CLASS 03

AND

**AN APPLICATION FOR
RECTIFICATION OF THE REGISTER
UNDER NO. 84267
BY MEDICHEM INTERNATIONAL (MANUFACTURING) LIMITED**

Background

1. This application for rectification relates to a dispute over ownership of trade mark registration 2574985, registered in class 3 for various hair care and cosmetic goods. The mark is:



2. The mark was applied for on 11 March 2011 by Scott Cornwall Limited (“the registered proprietor”), in whose name it has remained ever since, having completed its registration procedure on 12 August 2011. On 9 January 2012, MediChem International (Manufacturing) Limited (“the applicant”) applied to rectify the register. The applicant contends that the registration has been misappropriated by the registered proprietor and that the mark rightfully belongs to the applicant. It asks that the register is rectified to show the applicant as the proprietor of record. Rectification of the register is provided for under section 64 of the Trade Marks Act 1994 (“the Act”):

“64.—(1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:

Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.

(2) An application for rectification may be made either to the registrar or to the court, except that—

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.

(4) The registrar may, on request made in the prescribed manner by the proprietor of a registered trade mark, or a licensee, enter any change in his name or address as recorded in the register.

(5) The registrar may remove from the register matter appearing to him to have cease to have effect.”

3. The applicant bases its application for rectification upon the following grounds:

(i) Mr Scott Cornwall is a hairdresser who approached the applicant in May 2009 to propose that the applicant create and market a hair care preparation, following which a verbal agreement was made and the applicant began developing the product, together with branding and packaging. It was agreed that the applicant was to retain all rights in the brand names and that Mr Cornwall’s role was as a consultant who was to test the product formulations and respond to customer enquiries.

(ii) The contested mark, which the applicant calls the SC logo, was created by designers engaged by the applicant as part of the branding process. A Heads of Agreement document was drawn up in January 2010 which stated that trade marks used by the ‘Business’ would be registered by the applicant and that Mr Cornwall would be paid in return for his consultancy services.

(iii) Mr Cornwall was aware of trade marks filed by the applicant and raised no objection during the remainder of 2010. In early 2011, a dispute arose between Mr Cornwall and the applicant which ended the working relationship. However, there was no transfer of intellectual property or goodwill owned by the applicant to Mr Cornwall or the registered proprietor. Neither was there a termination of the Heads of Agreement concerning trade marks relating to the business.

4. The application for rectification was served upon the registered proprietor whose opposition to the application was filed in the form of a witness statement from Scott Cornwall, together with written submissions from the registered proprietor’s trade mark attorneys, i.p.21 Ltd. The applicant responded with written submissions and evidence. The parties were content for a decision to be made from the papers, the registered proprietor choosing to file a second set of submissions, in lieu of a hearing.

Evidence

5. Mr Cornwall is the registered proprietor’s director. He states that he has been using an SC logo since 2005, as shown, for example, in exhibit SC3:



6. Mr Cornwall states that he secured an interest and order from Boots in 2008 for a hair care colour correction product. His relationship with the applicant started as a result of the Boots order because he needed the applicant to manufacture and distribute the product. An email dated 18 May 2009 from the applicant to Mr Cornwall (exhibit SC7) refers to the order and the applicant's agreement "in principle" that it would proceed with the "Hair Colour Remover".

7. Mr Cornwall states that the only formal document between the applicant and him was the Heads of Agreement which he says was hurriedly produced in January 2010 and executed on 26 January 2010. He signed it along with Chris Onslow and Tom Allsworth who represented the applicant. The document (exhibit SC8a) is reproduced below:

HEADS OF AGREEMENT

Between

MediChem International (Mfg) Ltd (MediChem) whose registered address is Stalham Business Park, Rushenden Road, Queenborough, Kent, ME11 5HE

and

Chris Onslow of 8 Packhorse Road, Stratford Upon Avon, Warwickshire, CV37 9AW

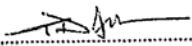
and

Scott Cornwall of 60 Woodcroft Crescent, Hillingdon, Uxbridge, Middlesex, UB10 9DJ

IT IS HEREBY AGREED as follows:-

1. The Trade Mark 'Colour B4' is registered in Class 32 in the name of MediChem. Other Trade Marks used by the Business will be similarly registered.
2. MediChem have and will pay all costs in relation to registering and maintaining the Trade Mark 'Colour B4' and other Trade Marks used or registered for the Business.
3. MediChem will be the exclusive worldwide manufacturer for any product sold under the Trade Mark 'Colour B4' and any other Trade Mark used or registered.
4. Chris Onslow will be the exclusive worldwide marketing agent for any product sold under the Trade Mark 'Colour B4' (or any other used or registered by the business) and will receive 10% commission on all sales of such products by MediChem.
5. Scott Cornwall will act as technical consultant to the Business and will receive 10% commission on all sales by MediChem.
6. If at any time in the future the Trade Mark 'Colour B4' (and any other used or registered by MediChem) is sold to a third party, the net proceeds of any sale will be split equally between MediChem, Chris Onslow and Scott Cornwall.
7. The Business is defined as being the sale of any product sold under the Trade Mark 'Colour B4' or any associated Mark.

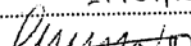
Signed on behalf of MediChem
International (Mfg) Ltd

.....


Dated

.....
21/01/10

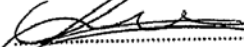
Signed on behalf of Chris Onslow

.....


Dated

.....
25/01/10

Signed on behalf of Scott Cornwall

.....


Dated

.....
26/01/10

Mr Cornwall explains that the document was not professionally drafted¹. He says:

“The only trade mark which is unambiguously referred to here is ‘Colour B4’ not the SC logo. It makes reference to “other associated trade marks” of ‘Colour B4’ and my understanding of this wording was that it referred to the subset of associated products that are linked to ‘Colour B4’ i.e. COLOUR B4, B4U COLOUR, and COLOUR STOP.”

8. Mr Cornwall states that he questioned the ambiguity of the document (after signature) and that, as a result, a more formal draft agreement was sent to him by Mr Allsworth on 23 December 2010. The draft agreement² is between the applicant and Mr Cornwall and it says, under ‘background’:

“This agreement relates only to a particular area of the Business of the Company [the applicant] being the sale of Products sold under the Trade Marks in Schedule 2.”

Schedule 2 is shown below:

Schedule 2: Trade Marks

Registered Trade Marks				
UK or CTM	Class	Mark	Number	Specification of goods
UK	03	COLOUR B4	2521057	HAIR COLOUR REMOVER
CTM	03	COLOUR B4	E8802175	HAIR COLOUR REMOVER
UK	03	SCOTT CORNWALL	2535529	GENERAL HAIR PRODUCTS
UK	03	BRINGING THE SALON HOME!	2553451	GENERAL HAIR PRODUCTS

Unregistered Trade Marks				
UK or CTM	Class	Mark	Number	Specification of goods
		STR8 FORWARD		HAIR STRAIGHTNER
		B4U Colour		PRE-COLOUR CLARIFIER
		Colour Stop		POST-COLOUR TREATMENT
		Foil Effects Cap		STYLING/COLOURING CAP

¹ The reference to class 32 should read class 3.

² Exhibit SC10.

9. Mr Cornwall points out that the list does not include the SC logo the subject of these proceedings. He states that the agreement was never signed as he was unhappy with the proposed content varying too far from what had been discussed. The January 2010 Heads of Agreement was terminated by the applicant: Mr Cornwall states that this was firstly because the agreed royalties to him were not paid and, secondly, that the applicant (in a letter from Mr Allsworth) wrote to him on 28 April 2011, terminating the agreement. Mr Allsworth's letter (exhibit SC11) began:

"Colour B4 Agreement

Please accept this letter as formal notification of termination of your Technical Consultant Agreement with MediChem International (Mfg) Ltd in respect of Colour B4 and associated brands for material breach".

10. Mr Cornwall states that the application for the subject mark was filed on 11 March 2011 "after [his] relationship with the Applicant was deemed terminated". He says that the application was to safeguard his continuing use of an SC logo since 2005. He states that:

"The subject mark is the evolution of my earlier mark"

and that he worked with a designer, Mr Guy Roberts, from June 2009 to ensure that the final design echoed features of his original mark. Mr Cornwall states that the applicant did not pay Mr Roberts for the enhanced design and that he (Mr Roberts) did not assign any rights in its copyright to the Applicant. Mr Cornwall exhibits (SC12c) a 'discussion board' designed by Mr Roberts based upon the applicant's proposal for the SC logo. This is undated and an extract from the relevant part is shown below:



Mr Cornwall says that the registered mark the subject of these proceedings is clearly an extension of his earlier SC logo and bears no resemblance to the mark proposed by the applicant.

11. Mr Cornwall concludes his evidence by stating that he did not inform the applicant of his trade mark application because he was unaware that he was under any obligation to do so or that the applicant had a vested interest in his SC mark (the

subject of these proceedings). He states that all the collaboration had revolved around marks other than this one.

12. The applicant's evidence comes from Thomas Allsworth and Guy Roberts. As stated above, Mr Allsworth works for the applicant and Mr Roberts is a designer. Mr Allsworth states that he is the applicant's managing director. He says that, in May 2009, Mr Cornwall approached the applicant to propose the creation and marketing of a hair care product for removing hair colour. Mr Allsworth states that the applicant developed and marketed this product under the brand name COLOUR B4, which it created and registered as UK and Community trade marks. Mr Allsworth states:

"6. An agreement was reached with Mr. Cornwall whereby MediChem was to retain all rights in the brand names used in relation to the hair care products due to its investment in devising the branding and logos for use on the packaging as well as the formulation, manufacturing, promotion and distribution of the products.

7. Mr Cornwall's role was as a technical consultant in terms of testing the product formulations and responding to customer questions and he was remunerated accordingly."

...

10. A Heads of Agreement was drawn up in January 2010 relating to trade marks, which stated that MediChem would pay for all costs in registering and maintaining trade marks used or registered for the business venture between Mr.Cornwall and MediChem. The Agreement set out the payment to Mr.Cornwall in return for his consultancy role. The Agreement clearly states Trade Marks used by the "Business" will be registered in the name of MediChem International (Manufacturing) Limited. A Copy of the Agreement is attached at Exhibit SC8a of Scott Cornwall's witness statement."

13. Mr Allsworth goes on to explain the genesis of the formal agreement, which Mr Cornwall states in his evidence that was never signed because he was unhappy with its content. Mr Allsworth states:

"As the Scott Cornwall product range expanded, it became apparent that a formal agreement should be put in place to cover in greater detail the intentions set out in the Heads of Agreement."

Mr Allsworth explains that Mr Cornwall did not accept the formal draft agreement and that, as a result of a dispute in early 2011,

"the working relationship ended with MediChem terminating Mr. Cornwall as a technical consultant. Importantly, at no point has there been any transfer of the intellectual property or goodwill owned by MediChem to Mr. Cornwall or the Applicant [presumably Mr Allsworth means the registered proprietor] , or termination of the Heads of Agreement concerning Trade Marks relating to the Business. The termination clearly states that it relates to "your Technical Consultant Agreement with MediChem International (Mfg) Ltd..."

14. Mr Allsworth concludes his evidence with a statement that the ownership of the contested SC logo belongs to the applicant as it owns the copyright and unregistered rights, being the party that commissioned and paid for the design.

15. Guy Roberts is the designer referred to in Mr Cornwall's statement and the applicant has filed a witness statement by Mr Roberts in which he states that in all his experience as a designer he has passed to the company, who commissioned the work, copyright and design rights to the work once payment has been completed. He regards the intellectual property as passed to his client once the financial arrangements are settled.

16. Mr Roberts states that, on 17 May 2009, he received instructions from Mr Allsworth to register the colourb4.com domain name and to design packaging for new hair care products which, in addition to a product trade mark, would carry the name of Mr Scott Cornwall. On 23 July 2009, Mr Cornwall and Mr Roberts discussed the logo format which he had previously been using for his hairdressing business.

17. Mr Roberts states that the designs for the first products were completed in June 2009 and he submitted his invoice to the applicant on 30 June 2009, which he states was duly settled. A copy of the invoice is shown at exhibit GSR1: "Design and artwork (plus reproduction) for all Target, Colour B4 Graphics & LP Treats including programming for website." Mr Roberts goes on to state that the initial SC logo (it is assumed that 'initial' means first, rather than referring to the fact that SC are initial letters) was derived from an idea Christopher Onslow (a signatory to the Heads of Agreement) discussed with him regarding a salon professional version of Scott Cornwall products, which was discussed to be called SC Pro. Mr Roberts says that exhibit GSR2 is an example of this. It is undated:

Hair Colour Remover

PART 2 - ACTIVATOR

1 to 1 mixing ratio

Multi-use

For professional use only

Always mix equal amounts of
Part 1 Remover with Part 2 Activator

Not to be used separately

500ml

by *Scott Cornwall hair experts*™
www.scprofessional.co.uk

18. Mr Roberts concludes his evidence by stating that he had no discussions or correspondence with Mr Cornwall in respect of ownership of the SC logo and that he considered the applicant to be the owner of the SC logo.

Decision

19. It is a requirement under section 64(1) that the applicant for rectification must have a sufficient interest to apply for the rectification of an error or omission in the register. The applicant claims to be the true proprietor of the trade mark, which represents a sufficient interest in the matter.

20. The applicant's claim to proprietorship stems from the January 2010 Heads of Agreement document. The parties disagree over the effect of the Heads of Agreement. As detailed in paragraph 12 of this decision, Mr Allsworth's evidence shows that he considered that the applicant retained all rights used in brand names on the hair care products, that it would pay for all costs in registering and maintaining trade marks used or registered for the business venture and that the trade marks used by "the Business" will be registered in the name of the Applicant. Mr Cornwall, however, considers that the only trade mark clearly referred to is COLOUR B4 and that the references to "other associated trade marks" are to trade marks associated with the COLOUR B4 product, which he considers are B4U COLOUR and COLOUR STOP.

21. The law in relation to the interpretation of agreements is well established. In *Investors Compensation Scheme Ltd v West Bromwich Building Society* [1998] 1 WLR 896, Lord Hoffman stated:

“My Lords, I will say at once that I prefer the approach of the learned judge. But I think I should preface my explanation of my reasons with some general remarks about the principles by which contractual documents are nowadays construed. I do not think that the fundamental change which has overtaken this branch of the law, particularly as a result of the speeches of Lord Wilberforce in *Prenn v. Simmonds* [1971] 1 W.L.R. 1381, 1384-1386 and *Reardon Smith Line Ltd. v. Yngvar Hansen-Tangen* [1976] 1 W.L.R. 989, is always sufficiently appreciated. The result has been, subject to one important exception, to assimilate the way in which such documents are interpreted by judges to the common sense principles by which any serious utterance would be interpreted in ordinary life. Almost all the old intellectual baggage of "legal" interpretation has been discarded. The principles may be summarised as follows:

(1) Interpretation is the ascertainment of the meaning which the document would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract.

(2) The background was famously referred to by Lord Wilberforce as the "matrix of fact," but this phrase is, if anything, an understated description of what the background may include. Subject to the requirement that it should have been reasonably available to the parties and to the exception to be mentioned next, it includes absolutely anything which would have affected the way in which the language of the document would have been understood by a reasonable man.

(3) The law excludes from the admissible background the previous negotiations of the parties and their declarations of subjective intent. They are admissible only in an action for rectification. The law makes this distinction for reasons of practical policy and, in this respect only, legal interpretation differs from the way we would interpret utterances in ordinary life. The boundaries of this exception are in some respects unclear. But this is not the occasion on which to explore them.

(4) The meaning which a document (or any other utterance) would convey to a reasonable man is not the same thing as the meaning of its words. The meaning of words is a matter of dictionaries and grammars; the meaning of the document is what the parties using those words against the relevant background would reasonably have been understood to mean. The background may not merely enable the reasonable man to choose between the possible meanings of words which are ambiguous but even (as occasionally happens in ordinary life) to conclude that the parties must, for whatever reason, have used the wrong words or syntax. (see *Mannai Investments Co. Ltd. v. Eagle Star Life Assurance Co. Ltd.* [1997] 2 W.L.R. 945)

(5) The "rule" that words should be given their "natural and ordinary meaning" reflects the common sense proposition that we do not easily accept that people have made linguistic mistakes, particularly in formal documents.

On the other hand, if one would nevertheless conclude from the background that something must have gone wrong with the language, the law does not require judges to attribute to the parties an intention which they plainly could not have had. Lord Diplock made this point more vigorously when he said in *The Antaios Compania Neviera S.A. v. Salen Rederierna A.B.* 19851 A.C. 191, 201:

". . . if detailed semantic and syntactical analysis of words in a commercial contract is going to lead to a conclusion that flouts business commonsense, it must be made to yield to business commonsense."

In *Anglo Continental Educational Group (GB) Limited v Capital Homes (Southern) Limited* [2009] EWCA Civ 218 at para 13 Arden LJ stated:

"The court will also prefer an interpretation which produces a result which the parties are likely to have agreed over an improbable result."

22. Clause 1 of the January 2010 Heads of Agreement states:

"The Trade Mark 'Colour B4' is registered in Class 32 [sic] in the name of MediChem. Other trade marks used by the Business will be similarly registered."

Clause 7 explains what is defined by "the Business:

"The Business is defined as being the sale of any product sold under the Trade Mark 'Colour B4' or any associated mark."

23. As referred to above, Mr Cornwall considers that an associated mark merely covers trade marks associated with the COLOUR B4 product, which he says are B4U COLOUR and COLOUR STOP.

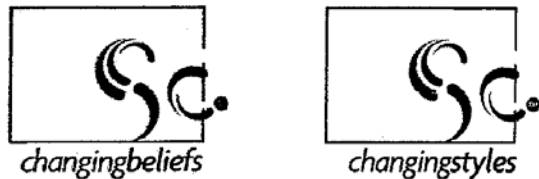
24. Mr Allsworth states in his evidence that the formal draft agreement (December 2010) was drawn up:

"to cover in greater detail the intentions set out in the Heads of Agreement."

So, by referring to the draft agreement and its schedule 2 of trade marks covered by the draft agreement, Mr Allsworth has given evidence about the intention in the Heads of Agreement. The list of trade marks in schedule 2 does not include the SC logo. This leads me to conclude that the SC logo was not covered by the Heads of Agreement document.

25. A further reason for concluding that the SC logo was not covered by the Heads of Agreement is the evidence from Mr Roberts. He says that he had instructions from the applicant to register the colourb4.com domain name and to design packaging on 17 May 2009. The invoice for his work was settled by the applicant on 30 June 2009 which, according to his statement, would be the date on which he considered that he had passed the copyright and design rights to the applicant (as

the commissioner of the work). According to his evidence, it was after this date, on 23 July 2009, that he discussed with Mr Cornwall the logo which he had previously used. There is no evidence of invoicing and the only graphic evidence is GSR2 which has no dating. Although Mr Cornwall says that these discussions started in June 2009, they were still ongoing on 23 July 2009, which was after the date on which the invoice was settled for Mr Roberts' design work (30 June 2009). This indicates that the SC logo was not part of the work which was paid for on 30 June 2009. Mr Cornwall states in his evidence that the design for the SC logo looked like this, which has not been denied by the applicant:



26. This design is clearly different to the contested registered trade mark. So, not only is there the fact that the more formal agreement, which Mr Allsworth states was to formalise the Heads of Agreement, does not list the SC logo (but lists other trade marks) there is also the fact that the artwork for the packaging was designed and paid for before the 23 July 2009 discussion about the SC logo. The applicant has pleaded its case upon the Heads of Agreement of January 2010 and this is the basis on which the registered proprietor has responded with evidence. Despite the registered proprietor, in the shape of Mr Cornwall, applying for its mark before the applicant wrote to Mr Cornwall to terminate his consultant role, as set out in the Heads of Agreement, the application was made for a mark which Mr Cornwall/the registered proprietor did not consider was covered by the agreement. It was not covered by the January 2010 agreement because the applicant did not include it in the draft formal agreement which it clearly intended would put the January 2010 agreement on a clearer, more formal basis. As Mr Allsworth states, "it became apparent that a formal agreement should be put in place to cover in greater detail the intentions set out in the Heads of Agreement". Since the agreement was drawn up by the applicant, it follows that the document set out what the applicant believed to be the intentions set out in the Heads of Agreement.

27. The draft agreement specified the list of trade marks covered, a list which did not include the SC logo. The logical deduction is that the agreement in January 2010, upon which the applicant has based its case, did not cover the SC logo. The applicant's pleading is that the registered proprietor's trade mark application breached the agreement. However, if the agreement did not cover the SC logo, the making of the application was not a breach of the January 2010 agreement. If there was no breach of the January 2010 agreement, the agreement was not a bar to the trade mark application. Consequently, the applicant's claim that the registered proprietor has misappropriated the SC logo, which belongs to the applicant because of the agreement, cannot stand. Accordingly, the error which is claimed by the applicant as existing on the register does not exist and, because it does not exist, there is no error to rectify. The application for rectification fails.

Outcome

28. The application for rectification of the register fails.

29. As the registered proprietor has been successful in resisting the application for rectification, it is entitled to a contribution towards its costs³, as follows:

Considering the application and filing evidence	£500
Filing written submissions	£300
Total	£800

30. I order MediChem International (Manufacturing) Limited to pay Scott Cornwall Limited the sum of £800. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 29th day of August 2012

**Judi Pike
For the Registrar,
the Comptroller-General**

³ As per Tribunal Practice Notice 4/2007.