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The Rolls Building,  
7 Rolls Buildings,  
London, EC4A 1NL.

Wednesday, 9th January 2013

Before:

THE APPOINTED PERSON  
(MR. GEOFFREY HOBBS QC)

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In the Matter of THE TRADE MARKS ACT 1994

-and-

In the Matter of UK Trade Mark Registration No. 2574985  
SC (Stylised) in Class 3 in the name  
of SCOTT CORNWALL LIMITED

-and-

In the Matter of an Application for Rectification of the  
Register under No. 84267 by MEDICHEM  
INTERNATIONAL (MANUFACTURING) LIMITED

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(Appeal by the Applicant/Appellant against the decision of  
Ms. Judi Pike dated 29th August 2012 for the Registrar)

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(Computer-Aided Transcript of the Stenograph Notes of  
Marten Walsh Cherer Ltd., 1st Floor, Quality House,  
6-9 Quality Court, Chancery Lane, London WC2A 1HP.  
Telephone No: 020-70672900. Fax No: 020-78316864)

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THE APPLICANT/THE APPELLANT did not appear and was not  
represented.

THE REGISTERED PROPRIETOR/THE RESPONDENT did not appear and was  
not represented.

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DECISION AS APPROVED BY THE  
APPOINTED PERSON

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1                   This is the appointed hearing of an appeal brought by  
2                   Medichem International Manufacturing Limited against Scott  
3                   Cornwall Limited in respect of a decision issued by Ms. Judi  
4                   Pike on behalf of the Registrar of Trade Marks under reference  
5                   BL O/328/12 on 29th August 2012.

6                   There was due to be an application by Scott Cornwall  
7                   Limited for the appeal to be referred to the court under  
8                   section 76(3) of the Trade Marks Act 1994. However, that  
9                   application was formally withdrawn shortly before one o'clock  
10                  yesterday afternoon.

11                  Both parties have elected not to attend the hearing of  
12                  the appeal. They have each asked me to take a decision on the  
13                  basis of the papers on file. The papers on file include  
14                  Medichem's statement of case filed in support of its notice of  
15                  appeal dated 25th September 2012, the written submissions sent  
16                  to me on behalf of Scott Cornwall Limited shortly after  
17                  six o'clock yesterday evening and the written comments in an  
18                  e-mail sent to me on behalf of Medichem shortly after  
19                  seven o'clock this morning.

20                  I can see from the papers on file that there was a  
21                  collaborative marketing arrangement between Mr. Scott Cornwall  
22                  and Medichem under which Medichem marketed "Scott Cornwall"  
23                  hair care products with the involvement of Mr. Cornwall as a  
24                  consultant to Medichem in that endeavour.

25                  The collaborative arrangement between Mr. Cornwall and

1 Medichem appears to have run from about May/June 2009 to about  
2 March/April 2011, when it ended in acrimony. During the  
3 period in which they worked together, Medichem used  
4 "Scott Cornwall" branding and associated logotype indicia in  
5 relation to the products it was promoting and selling.

6 In January 2010, Mr. Cornwall, Mr. Chris Onslow (another  
7 participant in the relevant marketing venture) and Medichem  
8 signed a document entitled "HEADS OF AGREEMENT" which provided  
9 as follows:

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It is clear that this document was intended to confirm

1 the basic terms of the arrangement under which the signatories  
2 were working together in the Business identified in clause 7  
3 as "the sale of any product sold under the Trade Mark  
4 'Colour B4' or any associated Mark."

5 The mutually agreed position with regard to trade marks  
6 used by the Business was that Medichem would pay all costs in  
7 relation to registering and maintaining them in its name as  
8 confirmed in clauses 1 and 2.

9 The Heads of Agreement were silent on many aspects of  
10 the commercial relationship to which they applied. An attempt  
11 was made to produce a long form agreement which would  
12 comprehensively regulate the contractual relationship between  
13 Mr. Cornwall and Medichem on mutually acceptable terms. The  
14 attempt failed. A draft agreement put forward by Medichem in  
15 December 2010 was never signed or otherwise adopted by  
16 Mr. Cornwall as a binding contract between himself and the  
17 company.

18 On 11th March 2011 Mr. Cornwall applied through his  
19 company, Scott Cornwall Limited, to register the following  
20 sign as a trade mark in relation to various hair care and  
21 cosmetic goods.

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1           The trade mark proceeded to registration under No. 2574985 on  
2           12th August 2011 for "hair care products; hair shampoos; hair  
3           conditioners; hair lotions; hair gels; hair oils; essential  
4           oils; hair mousse; hair lacquer; hair styling preparations;  
5           hairspray; hair dyes; hair colorants; hair tinting, bleaching,  
6           dying and colouring preparations; preparations for the  
7           cleaning, care, treatment and beautification of the skin;  
8           soaps; perfumery; cosmetics" in class 3.

9           I shall refer to the registered mark as the SC Logo.

10           Medichem's case, on the basis of the evidence to which I  
11           shall refer, is that the SC Logo was designed by Mr. Guy  
12           Roberts who supplied it to Medichem for use in connection with  
13           the branding of the products marketed collaboratively with  
14           Mr. Cornwall and that Medichem, as beneficial owner of the  
15           design, used it commercially for that purpose during (and I  
16           infer after) the period down to March/April 2011, when the  
17           collaborative arrangement with Mr. Cornwall came to an end.

18           On 9th January 2012 Medichem filed an application for  
19           rectification of the register of trade marks under section 64  
20           of the Trade Marks Act 1994. Rectification of the register to  
21           record it as the proprietor of registration no. 2574985 was  
22           requested on the basis of the following statement of grounds:

23           "1. MediChem International (Manufacturing) Limited was  
24           established over 19 years ago and is the manufacturer of  
25           health and beauty products with its own research and

1 development laboratory, bulk manufacturing, filling and  
2 packaging, quality control facilities as well as warehousing  
3 and distribution. Since 2003, the Applicant has been  
4 formulating and manufacturing hair care and skin care ranges  
5 for international brands.

6 2. Mr. Scott Cornwall is a hairdresser who approached  
7 the Applicant in May 2009 proposing that the Applicants create  
8 and market a hair care product preparation. A verbal  
9 agreement was made between the parties up and the Applicant  
10 began developing the product as well as the branding and  
11 packaging.

12 3. The agreement was that the Applicant was to retain  
13 all rights in the brand names used in relation to the hair  
14 care products due to its investment in devising the branding  
15 and logos for use on the packaging.

16 4. Mr. Cornwall's role was as a consultant in terms of  
17 testing the product formulations and responding to customer  
18 questions and he was remunerated accordingly.

19 5. The SC Logo of the registration at issue was created  
20 by designers engaged by the Applicant as part of the branding  
21 of the range of products.

22 6. A Heads of Agreement was drawn up in January 2010  
23 relating to trademarks, which stated that MediChem  
24 International (Manufacturing) Limited would pay for all costs  
25 in registering and maintaining trade marks used or registered

1 for the business venture between Scott Cornwall and MediChem  
2 International (Manufacturing) Limited. The Agreement set out  
3 the payment to Scott Cornwall in return for his consultancy  
4 role. The Agreement clearly states Trade Marks used by the  
5 'Business' will be registered in the name of MediChem  
6 International (Manufacturing) Limited.

7 7. Mr. Scott Cornwall was aware of trade marks being  
8 filed by Medichem International (Manufacturing) Limited and  
9 raised no objection during the remainder of 2010. The  
10 Applicants in the present rectification request were not aware  
11 that Mr. Cornwall had applied for registration of or had  
12 registered the SC Logo.

13 8. In early 2011, a dispute arose between Mr. Cornwall  
14 and the Applicant which effectively ended the working  
15 relationship, with Mr. Cornwall no longer being a consultant  
16 of the Applicant. However, at no point has there been any  
17 transfer of the intellectual property or goodwill owned by the  
18 Applicant to Mr. Cornwall or the Registered Proprietor, or  
19 termination of the Heads of Agreement concerning marks  
20 relating to the Business.

21 9. The registration has been misappropriated by the  
22 Registered Proprietor and the mark rightfully belongs to the  
23 Applicant.

24 10. The Applicant therefore respectfully requests that:

25 (a) The rectification application be accepted in its

1           entirety;

2                       (b) UK Registration No. 2574985 SC Logo is rectified to  
3           show MediChem International (Manufacturing) Limited as the  
4           proprietor;

5                       (c) The Registered Proprietor be ordered to pay the  
6           Applicant's legal costs in these proceedings."

7                       Scott Cornwall Limited resisted the application on the  
8           basis of written submissions filed on 23rd March 2012 and a  
9           witness statement of Mr. Scott Cornwall of the same date.

10           Paragraph 4 of the written submissions responded to  
11           paragraph 5 of Medichem's statement of grounds in the  
12           following terms:

13                       "Mr. Cornwall has been using a mark consisting of an SC  
14           logo since 2005 when trading as himself, SC Scott Cornwall  
15           Hair Consultancy or SC Consultancy UK Ltd and such use  
16           predates his relationship with the Applicant. It was this  
17           mark that evolved into the mark at issue with Mr. Cornwall  
18           working closely with the designer in question, a Mr. Guy  
19           Roberts of [www.DesignsOnCredit.com](http://www.DesignsOnCredit.com) Limited, from June 2009 to  
20           ensure that the final design echoed features of his original  
21           mark (appearance, use of corporate colour, stylization) and  
22           would be seen by the public as an extension of that mark. The  
23           Applicant did not pay the designer for the design of the mark  
24           at issue. And no assignment of the copyright in the design  
25           passed between the designer and the Applicant or Mr. Cornwall



1 and the Applicant."

2 Mr. Cornwall gave evidence relating to that aspect of  
3 the matter in paragraphs 10 and 11 of his witness statement  
4 dated 23rd March 2012:

5 "10. The application for the registration of the  
6 subject mark was filed on 11 March 2011 after my relationship  
7 with the Applicant was deemed terminated. This application  
8 was made to safeguard my continuing prior use of an SC logo  
9 since 2005 when trading as myself, SC Consulting UK Ltd and  
10 Scott Cornwall Ltd. This use predates my relationship with  
11 the Applicant and all associated goodwill in these previously  
12 unregistered rights accrues to me through use. The subject  
13 mark is the evolution of my earlier mark.

14 11. I worked closely with the designer, Mr. Guy Roberts  
15 of www.DesignsOnCredit.com Limited, from June 2009 to ensure  
16 that the final design echoed features of the original mark  
17 (appearance, use of corporate colour, stylisation) to retain  
18 the overall look and feel of the earlier mark. The resultant  
19 mark is clearly an extension of the earlier mark and bears no  
20 resemblance to the mark proposed by the Applicant. The  
21 Applicant did not pay Mr. Roberts for this enhanced design  
22 neither did he assign any rights in its copyright content to  
23 the Applicant.

24 Exhibit SC12a shows the questionnaire issued by  
25 Mr. Roberts concerning the Scott Cornwall website content.

1 Exhibit SC12b shows my responses where my clear request  
2 under section 2 of Content is that the Scott Cornwall Hair  
3 Consultancy logo is kept or enhanced. This includes the SC  
4 logo as it is often used in combination with my trading style.

5 Exhibit SC12c shows the discussion board designed by  
6 Mr. Roberts based on the Applicant's proposal for the SC logo.  
7 They are distinguishable."

8 It was clearly acknowledged in the written submissions  
9 filed on 23 March 2012 and in the accompanying witness  
10 statement of Mr. Cornwall that the SC logo was designed by Mr.  
11 Guy Roberts.

12 Medichem's position in response was set out in written  
13 submissions filed on its behalf on 23rd May 2012 in the  
14 following terms:

15 "1. The Applicant has reviewed the evidence and  
16 submissions filed on behalf of the Registered Proprietor and  
17 now makes its submissions further to the Grounds for  
18 Rectification.

19 2. The main issue to be addressed in these proceedings  
20 is the correct owner of the SC Logo of Registration No.  
21 2574985.

22 3. The Applicant does not deny that the initials SC are  
23 those of Scott Cornwall, or that Mr. Cornwall used a different  
24 stylisation of the initials SC on his stationery prior to the  
25 business relationship with the Applicant.

1           4. The design of the present SC Logo was created by  
2 Mr. Guy Roberts in response to a commission by the Applicant  
3 as noted in the Witness Statements of Mr. Roberts and  
4 Mr. Thomas Allsworth.

5           5. UK law provides that copyright vests in the  
6 designer/company employing the designer until there is an  
7 assignment to the party who commissioned and paid for the  
8 work. However, in instances where there is no express  
9 agreement in writing to transfer the ownership of the  
10 copyright to the commissioning party, the principles set out  
11 in the cases of Robin Ray v Classic FM (1998) FSR 622 and  
12 R Griggs Group Limited v Evans (2005) EWCA (Civ) 11 will  
13 apply. In Griggs v Evans it was held that the designer was  
14 the legal owner of the copyright but the commissioner was the  
15 beneficial owner.

16           6. As the Registered Proprietor was neither the  
17 commissioner of the SC Logo nor did it or Mr. Cornwall obtain  
18 an assignment from Mr. Roberts or the Applicant, it does not  
19 have any rights in the logo and therefore is not entitled to  
20 register the SC Logo as a trade mark in its own name.

21           7. Furthermore, the goodwill attaching to the SC Logo  
22 in respect of sales of products until the breakdown of the  
23 relationship between the parties, in early 2011, accrued to  
24 the Applicant being the party enabling the products bearing  
25 the SC Logo to reach the consumer market. Details in this

1 respect are set out in the Witness Statement of Mr. Allsworth.

2 8. The application to register the SC Logo was filed on  
3 11 March 2011 which was before the date of the letter from the  
4 Applicant to Mr. Cornwall terminating the technical  
5 consultancy agreement on 28 April 2011. This is contrary to  
6 the assertion made in Mr. Cornwall's Witness Statement.

7 9. The Applicant maintains that registered should be  
8 rectified to show it as the registered proprietor of  
9 Registration No. 2574985 and requests an award of costs in its  
10 favour."

11 This was supported by evidence in the form of witness  
12 statements from Mr. Thomas Allsworth, Managing Director of  
13 MediChem, and Mr. Guy Roberts, the designer of the SC Logo.

14 Mr. Allsworth gave evidence in his witness statement  
15 dated 23rd May 2012 to the following effect:

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

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

25 8. Mr. Bruce Green is an independent chemist who is

1           retained by MediChem on a consultancy basis to develop the  
2           formula for the COLOUR B4 product and formulae for other  
3           products in the Scott Cornwall range. At Exhibit TDA2, are  
4           copies of emails from Mr. Cornwall which show that from the  
5           outset, even the formulation of the first product COLOUR B4  
6           was devised by Mr. Green with limited user input from  
7           Mr. Cornwall.

8                     9. In addition to the formulation of the first product  
9           we set about designing the branding and packaging artwork.  
10          This included an SC Logo which had also been planned for a  
11          professional range which would go into salons, rather than be  
12          sold through high street stores such as Boots and Sainsbury's.  
13          Mr. Guy Roberts, a graphic designer, had been retained by  
14          MediChem in respect of a project in January 2009 and we  
15          decided to use him again for the COLOUR B4 product and  
16          Scott Cornwall range.

17                    10. A Heads of Agreement was drawn up in January 2010  
18          relating to trade marks, which stated that MediChem would pay  
19          for all costs in registering and maintaining trade marks used  
20          or registered for the business venture between Mr. Cornwall  
21          and MediChem. The Agreement set out the payment to  
22          Mr. Cornwall in return for his consultancy role. The  
23          Agreement clearly states Trade Marks used by the 'Business'  
24          will be registered in the name of MediChem International  
25          (Manufacturing) Limited. A copy of the Agreement is attached

1 at Exhibit SC8a of Scott Cornwall's witness statement.

2 11. Mr. Chris Onslow is an independent sales and  
3 marketing consultant who is engaged by MediChem on a  
4 consultancy basis. Along with MediChem and Mr. Cornwall,  
5 Mr. Onslow was a party to the Heads of Agreement as the  
6 worldwide marketing agent, receiving 10% commission on sales  
7 of the COLOUR B4 and related products, namely all those  
8 bearing the SCOTT CORNWALL and SC Logo trade marks. It was  
9 agreed that the trade marks would be owned by MediChem but if  
10 they were sold to a third party, the net proceeds would be  
11 split between the three parties to the agreement. This is not  
12 the same as the three parties being joint owners of the trade  
13 marks.

14 12. The Heads of Agreement to which Mr. Cornwall was a  
15 party related to hair care products and so should have stated  
16 Class 3 but erroneously referred to Class 32. Everyone  
17 believed that the Agreement related to hair care products and  
18 all proceeded in this belief with what they were bringing to  
19 the business.

20 13. As the Scott Cornwall product range expanded, it  
21 became apparent that a formal agreement should be put in place  
22 to cover in greater detail the intentions set out in the Heads  
23 of Agreement. At Exhibit SC10 of Scott Cornwall's witness  
24 statement, a copy of the draft agreement is shown which  
25 MediChem's lawyers prepared and sent to Mr. Cornwall in

1           December 2010. However, Mr. Cornwall did not accept it and as  
2           a result of a dispute in early 2011, the working relationship  
3           ended with MediChem terminating Mr. Cornwall as a technical  
4           consultant. Importantly, at no point has there been any  
5           transfer of the intellectual property or goodwill owned by  
6           MediChem to Mr. Cornwall or the Applicant, or termination of  
7           the Heads of Agreement concerning Trade Marks relating to the  
8           Business. The termination clearly states that it relates to  
9           'your Technical Consultant Agreement with MediChem  
10          International (Mfg) Ltd ...'. The Letter of  
11          Termination is shown at SC11 of Scott Cornwall's witness  
12          statement.

13                   14. There would not have been any products on the  
14          market bearing Mr. Cornwall's name if it had not been for the  
15          investment, resources, business knowledge and contacts of  
16          MediChem.

17                   15. I do not dispute that the initials SC are those of  
18          Scott Cornwall or that Mr. Cornwall had used a different SC  
19          logo on his stationery prior to his involvement with MediChem.  
20          However, the ownership of the SC Logo of this trade mark  
21          registration is disputed because the copyright and  
22          unregistered rights in passing off belong to MediChem as the  
23          party that commissioned and paid for the design and the party  
24          that produced, manufactured and distributed the products."

25                   In his witness statement dated 17th May 2012,

1           Mr. Roberts stated as follows:

2                   "1. I am a director of Only One Guy Limited and have  
3 worked as a designer in the Graphic and Web Design industry  
4 since 1997.

5                   2. Unless otherwise stated, the following statements  
6 are made on the basis of my knowledge, or as a result of  
7 investigations I have undertaken. Where such statements are  
8 made on the basis of information and belief, I believe such  
9 statements to be true and correct.

10                  3. I have been commissioned to design branding and  
11 packaging many times by MediChem International (Manufacturing)  
12 Limited. The first time was in January 2009 to work on Target  
13 Energy Shots Branding and Packaging. Working closely with  
14 MediChem we produced all of the graphical marketing elements,  
15 brand, packaging, POS and online media including the website.

16                  4. In all of my experience working as a designer I have  
17 passed over copyright and design rights to the work once  
18 payment has been completed to the company who commissioned the  
19 work to be carried out and regard the intellectual property as  
20 passed to my client once complete and financials settled.

21                  5. On 17th May 2009 I received instructions from  
22 Tom Allsworth of MediChem to register the colourb4.com domains  
23 name and to design packaging for new hair care products which  
24 in addition to a product trade mark would carry the name and  
25 image of Mr. Scott Cornwall, a hairdresser with whom they were



1 working. On 23rd July 2009 Mr. Cornwall and I discussed the  
2 logo format in which he had previously been using for his  
3 hairdressing business and ideas how we could redesign the logo  
4 and how we could use the S and C as a logo type for the  
5 packaging and website.

6 6. The designs for the first products were completed in  
7 June 2009 and I submitted my invoice to MediChem on 30th June  
8 2009 a copy of which is shown at Exhibit GSR1 which was duly  
9 settled.

10 7. The initial SC Logo derived from an idea  
11 Christopher Onslow discussed with me regarding a salon  
12 'Professional' version of the 'Scott Cornwall Products', which  
13 was discussed to be called SC Pro. An example of this is  
14 shown at Exhibit GSR2.

15 8. At no point did I have any discussions or  
16 correspondence with Mr. Cornwall in respect of the ownership  
17 of the SC Logo. As far as I was concerned, MediChem was the  
18 owner of the SC Logo."

19 His Exhibit GSR2 depicted the following brand imagery:  
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9                   The invoice at Exhibit GSR 1 was issued to Medichem by  
10                   DesignsOnCredit.com Limited, (Company Number 06632875).  
11                   Companies Registry records show that the company changed its  
12                   name to Only One Guy Limited on 28th October 2010.

13                   Scott Cornwall Limited filed no evidence in answer to  
14                   the evidence filed on behalf of Medichem. In written  
15                   submissions filed on its behalf on 10th July 2012, it  
16                   confirmed as follows:

17                   "2. The Registrant agrees that the main issue to be  
18                   addressed in these proceedings is the correct ownership of the  
19                   SC Logo being the subject registration.

20                   3. The Witness Statement of Mr. Guy Stewart Roberts  
21                   confirms at point 4 his belief that he is able as a designer  
22                   to pass on or transfer associated IP ownership of copyright  
23                   works and design right works to the commissioner of said works  
24                   upon settlement of payment for such commissions. The question  
25                   here to address is who is the Commissioner in this instance."

1           In relation to that issue it asserted in paragraph 7  
2           that Mr. Cornwall, not Medichem, was the commissioner of the  
3           design of the SC Logo. With reference to the evidence given  
4           by Mr. Roberts, it was admitted that his Exhibit GSR 2 showed  
5           the SC Logo in combination with the words PROFESSIONAL and  
6           www.scprofessional.co.uk and that the design of the SC Logo  
7           shown in that exhibit was produced 'following discussions  
8           between the designer and Mr. Cornwall, such as that confirmed  
9           by this designer on 23rd July 2009'. Notwithstanding these  
10          admissions and despite the acknowledgements previousl made in  
11          March 2012 that the SC Logo had been designed by Mr. Roberts,  
12          it was submitted as follows:

13                 "8. The Witness Statement of Mr. Guy Stewart Roberts  
14                 states at point 8 that it was his belief that MediChem was the  
15                 owner of an SC logo but there is no clarity as to which  
16                 particular SC logo this statement refers to and this has not  
17                 been confirmed as being the subject mark. Whilst ownership of  
18                 the subject mark was not a matter of discussion between the  
19                 designer and Mr. Scott Cornwall the appearance, styling,  
20                 colour and overall aesthetic features were discussed and fine  
21                 tuned resulting in the subject mark. As these discussions  
22                 were between Mr. Scott Cornwall and this designer not  
23                 MediChem, Mr. Scott Cornwall is the Commissioner of the  
24                 subject mark and thereby the beneficial owner of this  
25                 copyright in the absence of an agreement in writing to the

1 contrary. No assignment of the copyright in the subject mark  
2 from the designer to MediChem has been confirmed or provided.

3 9. As the beneficial owner of the subject mark the  
4 Registrant was and is entitled to seek registration in his own  
5 name or that of any company he so authorises."

6 With the consent of the parties the application for  
7 rectification thereafter proceeded to a decision on the papers  
8 without recourse to a hearing. The application was rejected  
9 for the reasons given by the Hearing Officer in the decision  
10 she issued on 29th August 2012. She ordered Medichem to pay  
11 £800 to Scott Cornwall Limited as a contribution towards its  
12 costs of the proceedings in the Registry. She decided the  
13 application adversely to Medichem on the basis that "the error  
14 which is claimed by the applicant as existing on the register  
15 does not exist and, because it does not exist, there is no  
16 error to rectify". Her reasoning and decision proceeded upon  
17 the premise that Medichem's claim to proprietorship of the  
18 SC Logo stems from the January 2010 Heads of Agreement  
19 (see paragraph 20).

20 Proceeding upon that premise, she directed herself as to  
21 the law relating to the interpretation of contracts as laid  
22 down by the House of Lords per Lord Hoffmann in Investors  
23 Compensation Scheme Limited v West Bromwich Building Society  
24 and concluded that the January 2010 Heads of Agreement did not  
25 cover the SC Logo (see paragraphs 22-24).

1           The general nature of the task she was engaged in can be  
2 gathered from the summary provided by Professor Gerard McMeel  
3 in his chapter entitled "The Principles and Policies of  
4 Contractual Construction" in Contract Terms edited by Andrew  
5 Burrows and Edwin Peel, Oxford University Press (2007):

6           "1. The aim of the exercise of the construction of a  
7 contract is to ascertain the meaning it would convey to a  
8 reasonable business person.

9           2. An objective approach is to be taken, concerned with  
10 a person's expressed rather than actual intentions.

11           3. The exercise is a holistic one, based on the whole  
12 contract, rather than excessive focus on particular  
13 words, phrases, sentences or clauses.

14           4. The exercise is informed by the surrounding  
15 circumstances or external context, with it being  
16 permissible to have regard to the legal, regulatory and  
17 factual matrix constituting the background to the making  
18 of the expression being interpreted.

19           5. Within this framework due consideration is given to  
20 the commercial purpose of the transaction or provision."

21  
22           It must be emphasised that this was a task which she was  
23 required to perform objectively and with reference to the  
24 situation of the parties at the time of the contract, as  
25 re-affirmed by the Supreme Court in *Rainy Sky S.A. v Kookmin*

1 Bank [2011] UKSC 50; [2011] 1 WLR 2900; where Lord Clarke JSC  
2 said at paragraph [14]:

3 "14. For the most part, the correct approach to  
4 construction of the Bonds, as in the case of any contract, was  
5 not in dispute. The principles have been discussed in many  
6 cases, notably of course, as Lord Neuberger MR said in *Pink*  
7 *Floyd Music Ltd v EMI Records Ltd* [2010] EWCA Civ 1429; [2011]  
8 1 WLR 770 at para 17, by Lord Hoffmann in *Mannai Investment Co*  
9 *Ltd v Eagle Star Life Assurance Co Ltd* [1997] AC 749, *passim*,  
10 in *Investors Compensation Scheme Ltd v West Bromwich Building*  
11 *Society* [1998] 1 WLR 896, 912F-913G and in *Chartbrook Ltd v*  
12 *Persimmon Homes Ltd* [2009] 1 AC 1101, paras 21-26. I agree  
13 with Lord Neuberger (also at para 17) that those cases show  
14 that the ultimate aim of interpreting a provision in a  
15 contract, especially a commercial contract, is to determine  
16 what the parties meant by the language used, which involves  
17 ascertaining what a reasonable person would have understood  
18 the parties to have meant. As Lord Hoffmann made clear in the  
19 first of the principles he summarised in the *Investors*  
20 *Compensation Scheme* case at page 912H, the relevant reasonable  
21 person is one who has all the background knowledge which would  
22 reasonably have been available to the parties in the situation  
23 in which they were at the time of the contract."

24 However, she interpreted the Heads of Agreement not only  
25 by reference to Mr. Cornwall's own evidence as to what he

1           subjectively thought the agreement covered, but also by  
2           reference to the draft long form agreement of December 2010.  
3           She did so without fully appreciating that the provisions of a  
4           contract ordinarily fall to be interpreted untrammelled by the  
5           declarations of subjective intent, prior negotiations and  
6           subsequent conduct of the parties to the contract in question.

7                     At no point in her decision did she determine the  
8           question: who commissioned and paid for the design of the SC  
9           Logo?

10                    I cannot avoid observing that that was a glaring  
11           omission against the background of the evidence and  
12           submissions of the parties in which it was clearly identified  
13           as the main issue to be addressed.

14                    Medichem appealed to an Appointed Person under  
15           section 76 of the 1994 Act. In its statement of grounds in  
16           support of the appeal it maintained that the Hearing Officer's  
17           decision was wrong and should be set aside having regard to  
18           the true position with regard to beneficial ownership of the  
19           SC Logo and the right to exploit it commercially in the  
20           context of the collaborative marketing arrangement which had  
21           been established between itself and Mr. Cornwall.

22                    Scott Cornwall Limited did not file a Respondent's  
23           Notice under rules 71(4)-(6) of the Trade Marks Rules 2008.  
24           It thereby elected to proceed upon the basis that the  
25           Hearing Officer's decision was correct for the reasons she had

1 given.

2 In the written submissions sent on its behalf yesterday  
3 evening, it stated as follows:

4 "2. The Applicant (Appellant) appears to be attempting  
5 to enter a new ground as the basis for their Appeal namely  
6 that the Registry incorrectly applied the law relating to the  
7 beneficial ownership of the design of the subject mark. As  
8 they did not raise this ground in the earlier proceedings it  
9 should be struck out.

10 3. The Applicant (Appellant) also appears to be  
11 attempting to seek entry for new evidence. They had ample  
12 opportunity to supply this evidence during the earlier  
13 proceedings but failed to do so. It is also noted that they  
14 have not requested leave of the Appointed Person to submit  
15 this material now. As no reasoning or explanation has been  
16 given to support why these 'new' invoices were not entered in  
17 the earlier proceedings and as no justification has been given  
18 for their possible submission now, the entry of any such  
19 further evidence should be denied.

20 4. The Applicant (Appellant)'s appeal is based on a  
21 claim that Mr. Roberts was commissioned by the Applicant  
22 (Appellant) to design the subject mark. However, no  
23 irrefutable evidence has been supplied by the Applicant  
24 (Appellant) to support this claim. The Registered Proprietor  
25 (Respondent) is the legal owner of the mark in question and is



1 entitled to register that mark."

2 The assertion that Medichem is attempting to rely on  
3 grounds of appeal relating to beneficial ownership of the  
4 design of the SC Logo which were not put forward in the  
5 proceedings below is as astonishing as it is untenable in the  
6 light of the evidence and submissions in the Registry  
7 proceedings as I have recorded them above. The written  
8 comments sent this morning on behalf of Medichem do not add  
9 anything to the substance of the appeal.

10 I have no doubt that the Hearing Officer's failure to  
11 deal with the main issue arising for determination was a  
12 serious procedural irregularity and that the irregularity was  
13 compounded by an approach to interpretation of the Heads of  
14 Agreement which did not correctly give effect to the  
15 requirements of the law applicable to that task.

16 The appeal must be allowed and the decision and the  
17 order for costs contained within it must be set aside.

18 It is not appropriate for me as an appellate tribunal to  
19 deal with the application for rectification de novo in the  
20 absence of any effective determination by the Registrar in the  
21 first instance and in the absence of any right of further  
22 appeal from my decision. If I were to so, I would be  
23 eliminating the first of the two levels of decision taking  
24 prescribed by the Act.

25 The application for rectification will therefore be

