

O-421-13

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK REGISTRATION 2189486
IN THE NAME OF DEAN WOODWARD
IN RESPECT OF THE TRADE MARK:**

ReactorPanel

IN CLASS 18

AND

**AN APPLICATION TO RECTIFY THE REGISTER (UNDER NO. 84539) BY
REACTOR PANEL SADDLE CO LLC**

THE BACKGROUND AND PLEADINGS

- 1) Registration 2189486 is for the trade mark “ReactorPanel” in respect of *saddlery* in Class 18. It currently stands in the name of Mr Dean Woodward. An application for rectification was made by Reactor Panel Saddle Co LLC (hereafter “RPS”) on 7 August 2010 and relates to a dispute over ownership.
- 2) On 7 August 2012, RPS requests that the register is rectified, under Section 64 of the Act, to record itself as the proprietor. It relies upon the provisions of Section 60(3)(b) that allows, in certain circumstances, for where the proprietor of mark is the agent or representative of a person who is the proprietor of the mark in a Convention Country to apply to rectify the register by substituting its own name as proprietor.
- 3) RPS claims to be the rightful proprietor of the mark, but due to a faulty assignment of the registration in the year 2000, its attempt to purchase the registration was not correctly completed. It only became aware of the fact that the assignment was faulty in 2007. In 2009, RPS filed rectification proceedings against another party also claiming ownership. Here, the Registry’s Hearing Officer found that the correct proprietor was a company that had been dissolved. As a result the registration was placed in the name of that company and, under the rules of *bona vacantia*, it went to the Crown.
- 4) The relevant facts in these proceedings stem from what has happened to the ownership of the registration since then.
- 5) RPS claims to have continued to trade using the mark, as it had done so since the year 2000 and it claims that it attempted to purchase the registration from the Crown with negotiations taking place in February and March 2011. The Treasury’s *bona vacantia* division (hereafter referred to as the “*bona vacantia* office”) wrote to RPS’s representatives in May 2011 stating that if they did not receive a response by mid June 2011 they would assume that RPS did not wish to purchase the registration. RPS claims that, due to the price requested by the *bona vacantia* office and because of RPS assuming (wrongly as it transpires) that there was no interest in the registration by any third parties, it choose not to act within this deadline. However, it claims that it retained an intention to purchase the registration. It is also claimed that Mr Woodward operated as RPS’s UK distributor and was in its close confidence and knew that RPS had delayed its purchase of the registration. It is claimed that Mr Woodward “seized his chance and purchased the mark ... in bad faith”. Consequently, RPS makes this application to rectify the register by substituting itself as the registered proprietor.
- 6) It is further claimed that the actions of Mr Woodward were part of a plan to avoid paying RPS a debt of more than US \$27,000 and to prevent RPS from doing business in the UK.
- 7) Due to its trading activities in the UK, RPS claims it has “all rights in the goodwill in the name and rights to sue for passing off”. In January 2003, following discussions with Mr Woodward, a letter of intent setting out the proposed framework within which Mr

Woodward would distribute ReactorPanel branded items was sent to Mr Woodward by Ms Carmi Weininger, on behalf of RPS.

8) On 27 September 2011, RPS wrote to Mr Woodward stating that he was passing off his business as that of RPS. It claims that Mr Woodward's purchase of the registration from the Crown was in bad faith.

9) Mr Woodward, in his evidence and written submissions has denied the claim and submits that the legal basis of RPS's case is incorrect.

10) Both sides filed evidence and written submissions in these proceedings and both sides ask for an award of costs. The matter came to be heard on 18 April 2013 when Mr Woodward was represented by Stephen Hodson for Mewburn Ellis LLP. RPS was represented by Ashton Chantrielle of Counsel, instructed by Singletons Solicitors.

RPS's Evidence

11) This takes the form of a witness statement by Carmi Weininger, director and shareholder of RPS. This witness statement was not accompanied by any exhibits and Ms Weininger also provides a supplementary witness statement with the sole purpose of introducing exhibits into the proceedings. Ms Weininger repeats many of the claims made in the statement of grounds and describes Mr Woodward as her ex-distributor and licensee. Ms Weininger repeats the background identifying RPS's claim to the mark dating back to 1999 and how this belief led to it seeking to rectify the register in 2009. However, as a result of an earlier faulty assignment (as demonstrated in an Asset Purchase Agreement dated 30 April 2000 and annexed to the decision – BL O-428-10 – recording the outcome of that action) the registration was not placed in the name of RPS but rather another company. A copy of that decision is annexed to a supplementary witness statement by Ms Weininger.

12) It is not necessary for me to detail the nature of these earlier proceedings further, other than to note that the proprietor company of the mark was dissolved in 2001 and the contested registration passed to the Crown. RPS began negotiations to purchase it from the Crown. In her supplementary witness statement, Ms Weininger exhibits a letter from her solicitors to the *bona vacantia* office dated 17 February 2011 to demonstrate that RPS was in negotiations to purchase the mark at that time and had agreed a price of £1304 for the mark.

13) Ms Weininger states that RPS then delayed going through with the purchase and chose not to respond to a letter from the *bona vacantia* office in which it was stated that if it did not hear from RPS by mid June 2011 it would assume that it no longer wished to purchase the mark. This was despite the fact that it continued to trade under the mark in the US and EU. Mr Weininger explains that, in the UK, Mr Woodward was RPS's distributor and had been since 2003. As an exhibit to her supplementary statement, Ms Weininger provides a schedule of sums owed and paid by Mr Woodward since 2007 in respect of his licence fees. It is claimed that Mr Woodward was in the close confidence

of Ms Weininger and knew of RPS's delayed purchase of the mark. It is claimed that Mr Woodward "seized his chance" and purchased the mark. Ms Weininger states that it is her view that he purchased the mark in bad faith. At this time Mr Woodward ceased making payments to RPS "on an enormous outstanding debt and it is claimed that his purchase of the mark was a calculated attempt to forego this acknowledged debt and to shut RPS out of the UK market.

14) Ms Weininger also states that Mr Woodward's extensive use of photographs and text on his website long after his licence/distribution agreement was terminated shows evidence of bad faith.

15) Ms Weininger states that upon discovering the "high cost" of recovering the mark from the Crown (citing that the £1304 was "more than double the cost of registering a new mark"), RPS decided to wait to purchase the mark "as there appeared to be no risk from such delay" and that there was "every intention of purchasing back the mark [...]". Ms Weininger states that she naively believed that RPS's sign, in the UK, was now safe for the time being. She claims to have confided all these issues to Mr Woodward.

16) Ms Weininger also claims to have the continuing rights in the goodwill in the name and rights to sue for passing off.

17) Ms Weininger states that "[w]e fought off Mr Ellis' [the registered proprietor immediately prior to the 2010 proceedings] fraudulent application in the US for a mark and indeed that led to our application for two marks in the US. My company is the registered proprietor of the ReactorPanel mark in the USA [...]".

Mr Woodward's evidence

18) This takes the form of a witness statement by Mr Woodward. He states that, contrary to what Ms Weininger claims, he has traded in saddles identified by the ReactorPanel mark since at least 2001 (not supported by evidence but referred to by the Hearing Officer in decision BL-428-10).

19) Mr Woodward claims to have sold about 1000 new ReactorPanel saddles, about 80% in the UK and 20% elsewhere in the EU. He also claims to have sold many hundreds of second-hand saddles. He states that during this time RPS has never traded in the UK.

20) Following RPS's purported assignment of the mark in 2000 (which was, as I have already noted, later found to be faulty), Mr Woodward claims he entered into a licence agreement with RPS in 2003, but nothing was recorded in writing. He states that he viewed the need to pay licence fees to RPS as a "necessary evil" given its purported ownership of the mark. He states that he was under the impression that RPS purchased the mark in 2000 and so could have prevented him from using the mark in the UK. He states that "[a]s it turns out, this was incorrect and those licence fees need not ever have been paid".

21) Mr Woodward disputes Ms Wieninger's assertion that she confided in Mr Woodward by telling him the outcome of the 2010 proceedings. He claims that this seems highly unlikely because the decision demonstrated conclusively that she (and therefore RPS) had never owned the registration. Mr Woodward then offers the view that the licence fees charged to him by RPS over the years had been made under false pretences.

22) At Exhibit DW1 is a copy of an e-mail from Ms Weininger to Mr Woodward who accepted Ms Weininger's interpretation that "[...] we won the Trade Mark case in the UK. The RP Trade Mark has been restored [...] it is a good outcome." Mr Woodward states that he would not have entered into negotiations regarding a new agreement with RPS between December 2010 and February 2011 if he had been aware that RPS no longer owned the registration. Exhibit DW2 provides a collection of emails between him and Ms Weininger at that time. He claims that the tone of these emails illustrate that there is no likelihood of either side "confiding" information as Ms Weininger claims, especially because, in doing so would be likely to effect the parties negotiating positions.

23) Mr Woodward asserts that he only became aware of the true outcome of the earlier decision in May 2011, after he had entered into another agreement with RPS (in February 2011). To his surprise he realised that RPS were not the owners of the mark and never had been. Upon discovering this and being worried about a third party acquiring the mark, he applied to the *bona vacantia* office to purchase the registration. Correspondence confirming his purchase is provided at his Exhibit DW5.

24) Mr Woodward states that at no time did Ms Weininger indicate that RPS was attempting to purchase the registration and in fact she had taken positive action not to whilst still continuing to charge him a licence fee for the use of the mark in the UK. Having purchased the mark, Mr Woodward believed he was no longer required to pay licensing fees for its use to RPS.

Supplementary evidence

25) One week before the hearing, RPS submitted further evidence and at the hearing I admitted this into the proceedings. I also permitted Mr Woodward a short period to file reply evidence to this. He availed himself of this opportunity.

26) RPS' additional evidence is in the form of a further witness statement by Ms Weininger, dated 9 April 2013. The main points that come out from this additional evidence are:

- The draft letter of intent (Exhibit CW2) is provided to support RPS' view that Mr Woodward worked as its exclusive UK distributor. The draft letter states that it is intended to formalise discussions held in December 2002 between Ms Weininger and Mr Woodward. At paragraph 13 of the agreement it states that the ReactorPanel name remains the property of RPS;

- Emails dated 14 September 2011 and 27 September 2011 together with an attached statement and invoice (also at Exhibit CW2) and as referred to at paragraph 21 of Ms Weininger's witness statement dated 5 October 2012. The first email makes reference to Mr Woodward's status as "an authorized Reactor Panel Distributor" being terminated in October 2010 (but being permitted to continue to purchase and sell saddles on a provisional basis). The email requests that Mr Woodward withdraws his trade mark application or face a challenge from Ms Weininger and also refers to his indebtedness to RPS;
- Emails between Ms Weininger and Mr Woodward, dating from July 2009, illustrating that they were jointly discussing trade mark protection issues in light of a third party's apparent attempt to register a similar mark, including Mr Woodward suggesting that Ms Weininger apply to register the mark in the UK;
- An email from Mr Woodward to Ms Weininger relaying information about the third party's claims in defence of its application to the Registry following a telephone conversation between Mr Woodward and the Registry. It was claimed at the hearing that this illustrates Mr Woodward working as an agent of RPS;
- Various letters between the *bona vacantia* office and RPS' representatives. This includes a copy of the letter from the *bona vacantia* office, dated 13 May 2011, stating that "...if we do not receive a response from you within 28 working days of this letter, I will assume that your client does not intend to apply for the trademark" together with a follow up email from RPS' representative to Ms Weininger drawing attention to the letter and seeking instructions on how to proceed.

27) Mr Woodward provides a second witness statement in reply, dated 7 May 2013. The main points from this evidence are:

- The relationship between himself and Ms Weininger was on much looser terms than those included in the letter of intent and was never formalised;
- The primary reason for entering into any agreement with Ms Weininger was the fact that she claimed to own the registration of the ReactorPanel mark and that, consequently, he required her permission to trade in such branded products;
- It is typical of Ms Weininger that she drafted agreements in terms that were heavily weighted in her favour. To support this claim, Mr Woodward provides, at Exhibit DW8, an email and draft agreement sent to him by Ms Weininger at the end of 2010. Mr Woodward felt that the terms were particularly onerous and "we ended up with an informal agreement which was much simpler";
- His efforts to assist Ms Weininger in 2009 (emails referred to in the third bullet point of the previous paragraph) were because of his perception of how, if Ms Weininger lost the registration, it would impact upon his own business. At such time he was unaware that RPS did not own the mark;
- This assistance included offering evidence of his own use of the mark;
- Mr Woodward denies a close relationship with Ms Weininger, stating that his only contact was because of RPS' alleged ownership of the mark (requiring the payment of a licence fee). By 2010, the two businesses were both sourcing their

own different products from the same supplier, but that he was not and did not ever source his products from RPS;

- Following Ms Weininger’s formal termination of the relationship between RPS and Mr Woodward there followed tense negotiations (December 2010 to February 2011). Mr Woodward claims that Ms Weininger undertook particularly aggressive negotiating and that, at this time, she was aware that RPS was not the owner of the mark and had never been;
- The email from Ms Weininger to Mr Woodward, presented at Exhibit DW7 of his original evidence, where Ms Weininger demanded an explanation as to why Mr Woodward was attempting to purchase the mark from the Crown. He claims this illustrates that he was not acting as RPS’ agent either with its consent or under instruction.

DECISION

28) At the hearing, RPS dropped its case based upon Section 60(3) of the Act stating that reference to this section was a mistake. Consequently, I will proceed by only considering its case based upon Section 64 of the Act. This reads:

“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) [...]

(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) [...].

(5) [...].”

29) RPS makes a claim to the goodwill attached to the unregistered sign and claims ownership of the mark, as such, it claims it has the requisite interest in this matter sufficient for the purposes of Section 64(1) of the Act.

30) Issues of goodwill bring into play Section 5(4)(a) of the Act and these issues go to the validity of the mark based under Section 47(2)(b) of the Act. In this respect, I keep in mind the comments of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in BL O-379-00, *device only mark*, where he stated at page 4:

“This Section [Section 64] is quite awkwardly worded. It permits rectification, but only as an exception to the general rule. The general rule is represented by the exclusion contained in the proviso to sub-section (1). That exclusion (of matters affecting the validity of the registration of a trade mark) is apparently intended to restrict the availability of rectification under sub-section (1) to errors and omissions of a kind which can properly be deemed never to have been made (unless otherwise directed) under sub-section (3). I infer that the general rule is intended to prevent circumvention of the unwaivable statutory requirements affecting the registration of a trade mark. These include the requirements of Section 38 to 40 of the Act. I think it is necessary, in order to ensure that the requirements of those sections are not circumvented, to interpret the reference to “*matters affecting ... validity*” in the proviso to Section 64(1) quite broadly.”

31) Notwithstanding this guidance and to address the claim that goodwill enjoyed by RPS is such as to give it a hold upon the disputed registration, I will make a few brief comments. There is no evidence that RPS has ever traded in the UK. In order for RPS’ goodwill to extend to the UK, it would require that its goodwill in the USA is such that it has crossed over to the UK because UK consumers have been exposed to the goodwill in the USA. There is no evidence of this. Alternatively, it could claim goodwill in the UK if the trading activity by Mr Woodward resulted in goodwill accruing directly to RPS and not Mr Woodward. Once again there is no evidence before me to indicate that this may be the case. In conclusion, even if a claim to goodwill would be sufficient to permit a claim for rectification (and I have my doubts that this would be so), no evidence has been presented to demonstrate that RPS has any such goodwill in the UK.

32) In case I am wrong in this finding and RPS does have an interest sufficient for the purpose of Section 64(1) of the Act, I will go on to comment on the other strands of RPS’ claim.

33) At the hearing Ms Chantrielle developed RPS’s position along two lines. Firstly, it was claimed that Mr Woodward, when purchasing the contested registration from the Crown, did so while acting as the agent for RPS. Secondly, it was put that if he was not acting as RPS’s agent then he was acting in breach of his fiduciary duty. These two lines are, in effect, two sides of the same coin and I find it convenient to consider them as a single issue.

34) Ms Chantrielle encouraged me to perceive Mr Woodward’s actions as being that of an agent of RPS and that the definition of “agent” for the purposes of Section 64 should be the same as that provided in Section 60(3). The definition of an “agent” is not in dispute, but Mr Woodward denies that he was acting as an agent and he supports this claim by exhibiting an email communication between the parties at the time demanding to know why he was attempting to purchase the mark. I concur with Mr Woodward’s assertion that this illustrates that he was certainly not acting with RPS’ consent, nor under its instruction. The letter of intent exhibited by Ms Weininger where it is stated, at its paragraph 13, that the IP rights stay with RPS is not relevant. Firstly, it is not signed and consequently cannot be taken as evidence of the nature of any arrangement

between the parties. Secondly, even if it was persuasive in defining the nature of the arrangement between the parties, any IP rights covered by its paragraph 13 would not have covered the registration in issue because RPS was found not to have ever been the owner of the registration in the Registry decision O-428-10 in December 2010. Consequently, I conclude that Mr Woodward was not acting as RPS' agent.

35) The key issue comes down to whether recording Mr Woodward as the registered proprietor was an error or an omission. I can see no way how it can be the latter. In considering if it was an error, I must first consider the merits of RPS' case that the alleged error should be corrected by recording itself as the registered proprietor. Once again, the case enters territory that will be familiar to Ms Weininger and RPS. In Registry decision O-428-10, RPS was defeated in its attempt to rectify the register to change the then recorded proprietor to that of its own. It failed because it had no valid right to claim ownership.

36) Its claim to ownership of the registration is no stronger in this case. As a consequence of the earlier decision the mark became *bona vacantia*, and despite making initial enquiries to purchase the registration from the Crown, RPS chose not to purchase the registration. Therefore, despite all of its protestations to the opposite, it has never been the proprietor of the registration in the UK and even declined to take action to purchase it when the opportunity arose. This is somewhat surprising considering the contentious ownership history of the registration and RPS' continual claims for Mr Woodward to pay it a licence fee for using the mark covered by the registration. The real reasons for this remain somewhat opaque and may be no more sinister than being the result of commercial naivety, as Ms Weininger claims. However, the reason for failing to purchase the registration when the opportunity arose is not a matter I need to decide here.

37) There is no evidence presented in this case that convinces me that the recordal of Mr Woodward as the registered proprietor was, in any way, an error. The registration was openly available for purchase from the Crown. Ms Weininger chose not to purchase it. Mr Woodward subsequently availed himself to the legitimate opportunity to purchase the registration himself and appears to have been wholly within his rights to do so. Such action by Mr Woodward may possibly have been opportunistic, but not contrary to Section 64 of the Act. Consideration of whether such behaviour amounted to bad faith is, once again, something that is outside the scope of a claim to rectification under Section 64, and I make no comment on this.

38) Further, and finally, even if RPS were to have been successful in demonstrating that the recordal of Mr Woodward as the registered proprietor was made in error, then the assignment would be deemed never to have been made. As a consequence, if it was never made, then the proprietorship would remain with the company that was dissolved in 2001 and therefore, the registration would revert to the Crown and not to RPS. I make no finding on this, but merely observe that this would be the outcome if RPS' case was made out. It is not permissible under Section 64 for a decision to effectively undertake a

legal assignment from the current legal owner (Mr Woodward, in this case) to a new owner.

39) Taking all of the above into account, I conclude that RPS is precluded from being successful in his application to rectify the register because the circumstances of this case do not meet the requirements set out in Section 64. More specifically, RPS has failed to demonstrate that it has the “sufficient interest” required by Section 64(1) of the Act and, even if I am wrong in reaching this conclusion, purchase of the registration by Mr Woodward cannot be said to constitute an error or an omission.

40) I find that the application for rectification fails and the registration shall remain in the name of Mr Woodward.

COSTS

41) The rectification action having failed, Mr Woodward is entitled to a contribution towards his costs. I take account that both sides filed evidence in these proceedings, that a hearing was held and that Mr Woodward and his representatives were put to additional cost as a result of RPS filing late evidence that required Mr Woodward to provide reply evidence after the hearing. However, this additional evidence was relatively light and I am of the view that the uplift in costs can be met on scale. I also take account of the fact that RPS dropped its claim based upon Section 60 of the Act, citing no other reason than it was a mistake. However, as RPS’ case under Section 64 focuses on an alleged agent/proprietor relationship and as such, Mr Woodward was required to address the allegations regarding his role as an agent anyway, notwithstanding that the Section 60 grounds were not pursued. Consequently, I decline to increase the costs award for this reason.

42) Taking all of the above into account, I award costs on the following basis:

Considering statement of case and preparing statement of case in reply	£300
Considering evidence & preparing own evidence	£800
Considering and replying to late evidence	£600
Preparing for, and attending hearing	£800
TOTAL	£2500

43) I order Reactor Panel Saddle Co LLC to pay Dean Woodward the sum of £2500. 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 23rd day of October 2013

**Mark Bryant
For the Registrar
The Comptroller-General**