

O-641-18

**IN THE MATTER OF TRADE MARK REGISTRATION 2394325
FOR THE FOLLOWING SERIES OF TWO MARKS:**

Shermann
AND
SHERMANN

STANDING IN THE NAME OF BLUE ACOUSTIC LTD

AND

**APPLICATION FOR RECTIFICATION THERETO UNDER NO 84775
BY SHERMANN MANUFACTURING LTD**

BACKGROUND

1. The series of two trade marks shown on the cover page of this decision stand registered in the name of Blue Acoustic Ltd (the proprietor). For ease of reference I will refer to them in the singular as ‘Shermann’, by which I mean to include both the upper case and title case marks in the series.

2. On 25 January 2017 Shermann Manufacturing Ltd (the applicant) sought to rectify the register. It submits that it purchased the trade mark ‘Shermann’ from Kenneth Hughes in August 2013 and has been making the necessary payments in accordance with that purchase. The applicant’s representative confirms that its client has ascertained not only that Mr Hughes has not assigned the trademark to the applicant but that he has also submitted a form attempting to register the trade mark in the name of a company Blue Acoustic Ltd, which was dissolved on 8 March 2011.¹

3. A number of documents were attached to the application for rectification. I will return to these below.

4. On 20 February 2017, the Tribunal sent a copy of the application to rectify the register (along with the attached documents) to the registered proprietor at the address recorded on the Tribunal’s database.² As far as I am aware there has been no request by or on behalf of the proprietor to amend its registered address. In the circumstances, the documents are deemed to have been received.³ Under the provisions of rule 44(2)(b) of the Trade Marks Rules 2008 (TMR), the applicant was allowed a period of two months to file a notice of defence and counterstatement and whatever evidence or submissions it considered necessary. No response was received.

¹ The proprietor of the contested trade mark is Blue Acoustic Ltd. The company was registered as Companies House as Blue Acoustic Limited. Given that Ltd is the standard abbreviation for ‘Limited’ which describes a limited company, nothing turns on this point.

² The address was provided by the proprietor when renewing the trade mark on 29 October 2015.

³ In accordance with section 7 of The Interpretation Act 1978 (as amended).

Documents attached to the application for rectification

- A copy of the company overview for Blue Acoustic Limited showing the company registration details and confirming the company status, that Blue Acoustic Limited was dissolved on 8 March 2011.
- A copy of financial documents relating to the sale of the Shermann brand and monies paid so far by the applicant, dated 13 December 2016.
- A copy of insolvency case details relating to Mr Kenneth Hughes showing that an order for bankruptcy was made on 17 June 2004.
- A copy of the historic details for trade mark 2394325 printed from the UK trade mark register.

5. On 15 December 2017 the applicant filed an affidavit by Iain Hay, a director of the applicant, in which he states (reproduced as written):

"2. I confirm I witnessed a verbal agreement entered into between Mr Alan Beattie my co-director and Mr Kenneth Hughes. Mr Hughes was visiting Scotland to collect goods... There was a meeting between myself, my co-director Alan Beattie and Mr Hughes on the evening of the 16th of June 2014. This meeting took place at the Canton House restaurant, 42 Main Street, Barrhead, Glasgow, G78 1RE. Discussions took place with regards to the fine detail of the sale of "Shermann" at a value of £30,000.00, to be paid by myself and Alan Beattie's new company Shermann Manufacturing Limited at £250.00 per month. The price included the Shermann speaker brand and trade mark intellectual property, designs, website, and facebook pages. Mr Hughes agreed that when the approaching renewal of the Shermann Trade Mark came round the trademark would be transferred to Shermann Manufacturing Limited, as the new owners of the "Shermann" brand.

3. Discussions also took place with regards to the supply to Mr Hughes of wooden speaker shells and Shermann stock at cost price, the value of which was to be paid or traded to reduce the outstanding balance remaining on the £30,000 purchase price. In the effect Mr Hughes would deduct the value of the goods supplied to him from the balance we owed to him. The supply of these items was to be at the cost of production plus VAT and that cost was to be deducted (as we went along) from the outstanding balance. All these matters were agreed at the meeting aforesaid in my presence and form a verbal contract here in Scotland.”

6. The contested trade mark was renewed on 29 October 2015 and stands in the name Blue Acoustic Ltd.

7. Mr Hay concludes that Mr Hughes is in breach of the agreement.

8. The financial documents attached to the application have BLUE ACOUSTIC letterhead which shows an address in Powys. The first paragraph of page 2 reads:

“For the purchase of the Shermann brand which includes sale of intellectual property and product designs supplied up to and including August 31st 2013.”

9. Page 1 of the document lists values for cabinets supplied to Blue Acoustic and parts, designs and other costs, ‘from 1 September 2013’. The line at the bottom of the page reads:

“Balance due to Blue Acoustic at December 12th 2016 - £5,260.48”

10. Page 2 of the document shows the opening balance of £30,000.00 for the purchase of the Shermann brand, balances from page 1 and a balance for 30 November 2016. The final line at the bottom of the page reads:

“Current balance to Blue Acoustic adding the total from page one - £29,010.48”.

DECISION

11. Rectification of the register is provided for under section 64 of the Trade Marks Act (TMA) which states:

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 ceased to have effect.

Sufficient interest

12. The applicant must have sufficient interest to apply for rectification. It is clear from

the documents provided with the application that the applicant was the party seeking to purchase the contested SHERMANN trade mark from the proprietor. A claim that it is the true proprietor of a trade mark is one of the clearest forms of interest a party can have. The applicant has sufficient interest to bring these proceedings.

Is the claimed error capable of correction?

13. Section 64(1) deals with errors or omissions in the register and is interpreted more broadly than rectifying simple clerical errors. It can and has been used to rescind erroneous assignments and deal with issues of disputed ownership.⁴

14. Section 72 of the TMA states:

“72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

15. Section 24 deals with assignments and reads:

“24. - (1) A registered trade mark is transmissible by assignment, testamentary disposition or operation of law in the same way as other personal or moveable property. It is so transmissible either in connection with the goodwill of a business or independently.

(2) An assignment or other transmission of a registered trade mark may be partial, that is, limited so as to apply-

(a) in relation to some but not all of the goods or services for which the trade mark is registered, or

⁴ See for example *BL O/040/05* and *BL O/408/11*

(b) in relation to use of the trade mark in a particular manner or a particular locality.

(3) An assignment of a registered trade mark, or an assent relating to a registered trade mark, is not effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative.

Except in Scotland, this requirement may be satisfied in a case where the assignor or personal representative is a body corporate by the affixing of its seal.

(4) The above provisions apply to assignment by way of security as in relation to any other assignment.

(5) A registered trade mark may be the subject of a charge (in Scotland, security) in the same way as other personal or moveable property.

(6) Nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered trade mark as part of the goodwill of a business.”

Should rectification of the register follow?

16. In his affidavit, Mr Hay states that the parties agreed, “*when the approaching renewal of the Shermann Trade Mark came round the trademark would be transferred to [the applicant], as the new owners of the ‘Shermann’ brand.*” An agreement between parties to transfer the ownership of a trade mark at some future point does not have the effect of an assignment. An assignment must be in writing signed by or on behalf of the assignor or, as the case may be, a personal representative.⁵ It is not within the power of this tribunal to order the proprietor to assign the trade mark, nor does the tribunal have the power to direct specific performance of a contractual obligation.

⁵ Section 24(3) of the Act.

17. In any case, it is clear from the evidence that the proprietor company was dissolved on 8 March 2011. At that point any assets of the company transferred to the Crown, as bona vacantia. This means that at the meeting on 16 June 2014 where the proprietor agreed the sale of its business, including the contested mark, it was not the owner of the assets of the company and was in no position to sell the same.

18. Consequently, for these reasons, the application to record Shermann Manufacturing Ltd as the proprietor of the trade mark must be rejected.

Conclusion

19. The application for rectification has failed.

Costs

20. No request for costs has been made and I make no order in this respect.

Dated this 12th day of October 2018

**Al Skilton
For the Registrar**