TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION No. 12446
BY COALTRANS CONFERENCES LTD
FOR A DECLARATION OF INVALIDITY
IN RESPECT OF REGISTRATION No. 2110263
STANDING IN THE NAME OF COALTRANS PUBLISHING LTD

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by Coaltrans Conferences Ltd for a declaration of Invalidity
in respect of registration No. 2110263
standing in the name of Coaltrans Publishing Ltd

Background

1. The mark COALTRANS is registered under No. 2110263 in respect of "Teaching services; tuition services; organisation of training lectures and seminars; management training; arranging, organisation and conducting of conferences; arranging, conducting and organisation of exhibitions; practical training and demonstrations".

2. It has a filing date of 17 September 1996.

3. By application dated 3 April 2001 Coaltrans Conferences Ltd (CCL) applied for this registration to be declared invalid. They are the proprietors of the unregistered trade mark COALTRANS which they say has been in use since 1981 in relation to arranging and conducting exhibitions, conferences, seminars and training workshops. CCL give the following background information:

> "3. Both CCL and the proprietor of the registered Trade Mark, Coaltrans Publishing Limited (CPL), were formed in 1988 by their parent company of the time, the CPS group (CPS).
>
> 4. The unregistered Trade Mark has been specifically identified as an Intellectual Property Right belonging to the Applicant when CCL changed ownership in 1993 from CPS to Euromoney Institutional Investors Plc, formerly Euromoney Publications Plc.
>
> 5. The proprietor of the registered Trade Mark, CPL, has never used the Mark for any of the services for which it was registered, rather the Mark has been used solely in connection with the publishing of a magazine."

4. On the basis of these circumstances CCL raises objections as follows:

> (i) under Sections 47(1) and 3(6) – in that CPL was aware of CCL's use since both companies were formed in 1988 and were part of the same group. The application for registration is said to have been made in bad faith;
>
> (ii) under Section 47(2)(b) and Section 5(4)(a) – in that CCL had an earlier right which should have prevented the registration of the trade mark by virtue of the law of passing off.

5. There is also a reference to the existence or use of the registration being prejudicial to the legitimate conduct of CCL's business and a request that the registration be declared invalid as a matter of judgement and/or discretion. This objection has not been further particularised and does not in my view call for further comment.

6. The proprietors filed a counterstatement denying the grounds of objection and indicating that details of the applicants' previous ownership and arrangements pertaining thereto are outside the proprietors' knowledge. The only other information contained in the counterstatement is a reference to Register of Companies' records showing the original names of the parties to this action along with their incorporation dates in 1988. It is not clear what bearing this has on the proceedings.

7. Neither side has asked to be heard and neither side has filed written submissions. It appears that at one stage discussions were taking place with a view to a settlement but that the terms of any agreement were never implemented with the result that the invalidity action has never been withdrawn and the registration has never been cancelled. The matter, therefore, falls to be decided on the basis of the papers filed.

8. Only the applicants have filed evidence. This is a statutory declaration by Gerard Strahan, their Managing Director. He says that the mark COALTRANS has been used in connection with "arranging and conducting exhibitions, conferences, congresses, seminars, symposiums and training workshops". Exhibit 1 shows the manner of use on promotional materials. Turnover figures are given for the years 1994/5 to 1999/2000. Bearing in mind that the relevant date is the filing date of the registration in suit only the first two years are of potential relevance. These show turnover of £1,306,536 and £976,612 respectively though these figures appear to include worldwide sales. Advertising and promotional expenditure is also given for the same periods. The figures for 1994/5 and 1995/6 are £88,183 and £48,304 respectively.

9. Mr Strahan goes on to say:

> "The first Coaltrans Conference was arranged and conducted in London in October 1981 by the parent company of the Company [CCL], the CPS Group. The CPS Group was established in 1973. The Company was incorporated on 25 March 1988 to arrange and conduct conferences relating to coal trading and transportation anywhere in the world.
>
> The Company was sold by the parent company, the CPS Group, in October 1993 to Euromoney Publications Plc. When the Company was purchased by Euromoney Publications Plc (now known as Euromoney Institutional Investor Plc) in November 1993 the Mark was specifically identified as an asset of the Company albeit as an unregistered Trade Mark on page 5 of the Disclosure Letter dated 26 November 1993, a copy of which is now produced and shown to me marked "Exhibit 2".
>
> The CPS Group first published a magazine aimed at the global coal trade in 1979. This magazine was initially named Bulk Systems International when it was launched but was renamed Coaltrans International in 1985. From 1988, the magazine was published by Coaltrans Publishing Limited, a subsidiary of CPS Group, until the CPS Group sold CPL to Mr Norman Penwarden, who is currently the majority shareholder.

In November 1993 the Company had an informal agreement with CPL to allow CPL the principal distribution rights for their magazine Coaltrans International at all conferences run by the Company in return for free advertising and publicity in the magazine for the Company."

10. Since 1997, Mr Strahan says, CCL has also run a series of residential training courses in the UK for coal, power and shipping executives under the name Coaltrans Training. These residential training courses include training in coal contract negotiations and transport logistics, independent private power, risk management for the coal industry and the fundamentals of the coal industry.

11. Some 9 separate training courses were run between April 1997 and December 1999. This development of CCL's business took place, of course, after the material date in these proceedings.

12. Mr Strahan concludes from this material that:

> "The Company [CCL] is and has been the only organisation in the UK to arrange and conduct (i) international conferences for the global coal trade and (ii) residential training courses for coal, power and shipping executives in the UK under the Mark. The Company and CPL have been aware of the existence of each other and the business in which each of them operates since at least 1988.
>
> CPL has never arranged or run conferences for the global coal trade. They have, however, had a close involvement with the Company regarding the distribution of their magazine, Coaltrans International at the various conferences arranged and conducted by the Company and the advertising and promotion of these conferences in their magazine since at least 1988."

The law

13. The relevant Sections of the Act read as follows:

Section 47(1) and (2)

> "47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).
>
> Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.
>
> (2) The registration of a trade mark may be declared invalid on the ground -
>
> (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration."

Section 3(6)

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

Section 5(4)(a)

"(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an "earlier right" in relation to the trade mark."

Sections 47(1)/3(6)

14. I will deal with the bad faith issue first. There have now been a number of cases which have considered the scope of an objection under Section 3(6) of the Act.

15. *In Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367 at 379, Lindsay J. said in relation to s.3(6):

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

16. In *DEMON ALE Trade Mark* [2000] R.P.C. 345, Mr Geoffrey Hobbs, QC, sitting as the Appointed Person said (at p.356):

"These observations recognise that the expression 'bad faith' has moral overtones which appear to make it possible for an application for registration to be rendered invalid under s.3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant."

and

"I do not think that s.3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Philip Ta* [1995] 2 A.C. 378 PC at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour."

17. Apart from the bare denial of the bad faith charge the proprietors' defence rests on the claim that they were unaware of the surrounding circumstances. Specifically it is said in the counterstatement that:

"Details of the applicants previous ownership and arrangements pertaining thereto are outside the proprietor's knowledge and, consequently, no admissions are made."

18. As no evidence has been filed by the proprietors the plausibility and/or relevance of that claim falls to be tested against the applicants' evidence.

19. The relevant facts are as follows:

- both CCL and CPL were originally subsidiaries of CPS Group;
- in that capacity CCL ran conferences for the coal trade and CPL produced a magazine for the coal trade both under the name COALTRANS;
- this arrangement appears to have been in place from the mid to late 1980s;
- in 1993 CCL was sold to Euromoney Publications Plc (now Euromoney Institutional Investor Plc);
- at an unspecified date CPL was sold to Norman Penwarden;
- Mr Penwarden is described in Mr Strahan's July 2001 declaration, as being currently the majority shareholder of CPL;
- a mutually supportive business relationship was entered into in November 1993 whereby CCL allowed CPL distribution rights for their magazine at conferences run by CCL and CCL in turn was given free advertising and publicity in CPL's magazine.

20. No counterclaims or assertions to the contrary have been offered by the registered proprietors. Included in the Exhibits is a copy of what is described as a disclosure letter dated 26 November 1993 relating to the sale of CCL to Euromoney Publications. It contains the following under the heading 'Intellectual Property Rights':

> "There are no Intellectual Property Rights which exist in relation to the Company other than unregistered copyright contained in the narrative of promotional, marketing and sales material and the unregistered trademark ("CoalTrans").
>
> You are aware that a magazine is published independently of the Company under the name "CoalTrans" pursuant to an informal distribution arrangement with the Company at the CoalTrans Conference. Please refer to Pl.4 and Exhibit 18. This arrangement is not binding on the Company."

21. CCL's new proprietors were thereby made aware of the existence of the COALTRANS magazine and the informal arrangement that existed between CCL and CPL.

22. Nothing comparable has been submitted relating to the sale of CPL to Mr Penwarden. Any such documents would presumably not have been available to CCL/Euromoney.

23. It is apparent from the above that CCL and CPL were fully aware of the nature and scope of each other's activities; a state of affairs that was reinforced by the informal arrangement the companies entered into in 1993 to provide mutual support. I find it highly improbable that at the time CPL applied to register the mark now under attack that they could claim to be unaware of the applicants' established business of running conferences under the mark COALTRANS. In that respect the limited statement offered in the proprietors' counterstatement seems to me to be imprecise and disingenuous.

24. I am reinforced in this view of the matter by certain aspects of the evidence filed. I note, for instance, that the documentation at Exhibit 1 contains a COALTRANS conference delegate list for the October 1999 event in Germany. The event itself is, of course, after the material date and outside the jurisdiction. The relevance of the exhibited material is in showing that both Coaltrans Conferences Ltd and Coaltrans Publishing Ltd were at the event. Moreover the individuals listed as attending from those firms were Mr Gerard Strahan (the applicants' declarant) and Mr Norman Penwarden (the new owner of CPL). That strongly supports the view that there was continuing awareness of one another's activities.

25. With these circumstances in mind it is difficult to escape the conclusion that CPL knew of CCL's trading activities at the time of filing the application which subsequently matured into registration No. 2110263. To have applied for registration in relation to services which CPL must have known that CCL provided under the mark COALTRANS was clearly in my view an act of bad faith.

26. Section 3(6) makes it clear that a trade mark shall not be registered if or to the extent that the application is made in bad faith. The Section thus anticipates that bad faith may be established in relation to the whole or part only of an application. The applicants have clearly made out their case so far as the registered proprietors' specification covers "arranging, organisation and conducting of conferences; arranging, conducting and organisation of exhibitions". The

remaining services are various teaching, training and tuition services. A further question arises, therefore, as to whether the bad faith finding should extend to these services as well.

27. In the circumstances of this case it might be said that the registered proprietors' actions have tainted the whole application and should result in a finding in the applicants' favour without further ado. I have hesitated over reaching such a conclusion only because CPL have themselves used the mark COALTRANS quite legitimately in relation to a magazine. The parties, therefore, occupied discrete and well defined areas for many years. The equilibrium of that relationship was maintained and protected so long as they were in common ownership and control and, later, by the informal arrangement that existed between the two companies. However, it is CCL which was known for event-based activities. Training and such like services seem to me to be closely allied to the conference and exhibition services supplied by CCL being alternative means of disseminating information, knowledge and practice in the particular business area concerned. Indeed CCL have entered this field albeit shortly after the material date in these proceedings (though there is no claim that CPL actually had foreknowledge of this). I conclude, therefore, that, given the proximity of the balance of the services in the proprietors' specification to the applicants' established area of activity, the applicants' claim of bad faith against the whole of the application has been made out. In accordance with Section 47(6) the registration will be deemed never to have been made.

28. As the Section 47(1)/3(6) ground has proved determinative of the matter I do not need to go on and consider the supporting ground based on the law of passing off.

29. The applicants for invalidation have been successful and are entitled to a contribution towards their costs. I order the registered proprietors to pay them the sum of £1200. 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 18th day of March 2003

M Reynolds
For the Registrar
the Comptroller-General