

O-075-07

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATIONS NOS 2382018A,
2382018B, 2382018C AND 2382018D BY BLUEBIRD
AUTOMOTIVE LIMITED TO REGISTER TRADE
MARKS IN CLASS 12**

AND

**IN THE MATTER OF OPPOSITIONS THERETO UNDER NOS
93496, 93590, 93591 AND 93589 BY Q ELECTRIC VEHICLES LIMITED**

AND

**IN THE MATTER OF APPLICATION NO 2385362 BY
Q ELECTRIC VEHICLES LTD TO REGISTER A SERIES OF TRADE
MARKS IN CLASS 12**

AND

**IN THE MATTER OF OPPOSITION THERETO BY BLUEBIRD
AUTOMOTIVE LIMITED UNDER NO 93637**

TRADE MARKS ACT 1994

**IN THE MATTER OF Applications Nos 2382018A,
2382018B, 2382018C & 2382018D by Bluebird Automotive
Limited to Register Trade Marks in Class 12**

and

**IN THE MATTER OF Opposition thereto under Nos 93496,
93590, 93591 & 93589 by Q Electric Vehicles Limited**

and

**IN THE MATTER OF Application No 2385362 by
Q Electric Vehicles Ltd to Register a Series of Trade Marks
in Class 12**

and

**IN THE MATTER OF Opposition thereto by Bluebird
Automotive Limited under No 93637**

BACKGROUND

1. This decision deals with cross-oppositions between Bluebird Automotive Limited and Q Electric Vehicles Ltd in relation to their respective applications to register trade marks or series of trade marks in Class 12.

Details of the Applications

Bluebird Automotive's applications are as follows:

NO	MARK	APPLICATION DATE
2382018A	QEV	13 January 2005
2382018B	QEV70 QEV-70 QEV 70 (Series of 3)	13 January 2005
2382018C	QEV90 QEV-90 QEV 90 (Series of 3)	13 January 2005
2382018D	QEV120 QEV-120 QEV 120 (Series of 3)	13 January 2005

Q Electric Vehicles Ltd's application is:

2385362 Q ELECTRIC VEHICLES LIMITED 24 February 2005
Q Electric Vehicles Limited
Q ELECTRIC VEHICLES LTD
Q Electric Vehicles Ltd
(Series of 4)

2. In each case the specification reads "Land vehicles, electrically operated land vehicles, parts and fittings for all the aforesaid goods." (Class 12)
3. The cross-oppositions arise out of business dealings between the parties or individuals and companies associated with the parties in 2004. The background circumstances are explained below. There is a good deal of inconsistency in the cases as pleaded but the essence of Q Electric Vehicles Ltd's oppositions is a claim under Section 5(4)(a) based on use of signs that replicate or closely replicate the marks applied for by Bluebird Automotive. In the case of No 2382018A the opponent has also filed a business card by way of indicating the sign on which reliance is placed. This also shows the company name.
4. In addition two of Q Electric Vehicles Ltd's four cases have a ground based on Section 3(6). These are numbers 2382018C and 2382018D. Again the circumstances that give rise to this claim emerge from the background circumstances described below. It is not clear why the bad faith objections have been raised against some but not all of Bluebird's applications.
5. Bluebird Automotive's opposition to Q Electric Vehicles Ltd's application is based on grounds under Section 5(2)(b) and 5(4)(a) of the Act and on marks or signs which correspond to those contained in its own applications. The Section 5(2)(b) ground arises because, if Bluebird Automotive is successful in registering its own marks, it will have an earlier trade mark which may potentially be used against Q Electric Vehicles Ltd's later filed application. Its case under Section 5(4)(a) is based upon use of some 10 different signs, most of which are variants on the QEV theme but also includes a claim based on use of Q ELECTRIC VEHICLES and Q (solus). A common feature of each of these claims under Section 5(4)(a) is claimed use since August 2002.
6. In each case the grounds of opposition have been denied by the other side. Conflicting claims have been given as to the circumstances that give rise to the dispute and the relationship between certain key individuals and the joint venture company that was intended to be the vehicle for an electric car project.
7. Both parties have filed evidence though, again for reasons that escape me, Bluebird Automotive's evidence has only been filed in relation to the 'lead' case (No 2382018A) and not its other three applications. It has also filed evidence in the opposition to Q Electric Vehicles Ltd's application. Q Electric Vehicles Ltd has filed evidence in each of the actions. Despite the nature of the claims neither side has requested a hearing. Written submissions have, however, been received from UDL (Urquhart Dykes-Lord) on behalf of Q Electric Vehicles Ltd.

Consolidation

8. These cases have progressed to the stage of requiring decisions from the papers without having been formally brought together and having common pleadings and evidence. The failure to consolidate cases was the subject of judicial comment in *Laboratoire De La Mer Trade Marks*, [2002] F.S.R. 51:

“2 I asked why there were two decisions rather than one. I was told that this is registry practice - as it is a requirement that evidence (largely duplicative) be separately filed in two proceedings. The registry should look at this practice again. There is no sense in requiring duplicative material. It increases costs and in fact makes cases harder to handle. It surely ought to be possible, even in the absence of any rule formally allowing for consolidation of proceedings, simply to order that evidence in one proceeding shall be treated as evidence in both, or to permit that evidence be sworn in more than one proceeding.”

9. The appropriate point at which to consolidate cases will usually be once counterstatements have been filed (assuming, of course, that cases are proceeding beyond the preliminary indication where this applies). If consolidation does not take place at an early stage the benefits in terms of costs and economy in handling cases are progressively diminished. Whilst I recognise that it is very late in the day for these cases, I considered that they should be consolidated so that the issues between the parties and the evidence relating thereto can be dealt with in a single composite decision not least in case the matter goes to appeal.

10. With that in mind the parties were invited to agree that the cases should be consolidated. Bluebird Automotive has not replied to the Registry letter inviting comments on the proposal to consolidate. Urquhart-Dykes & Lord responded on behalf of Q Electric Vehicles Ltd by saying “Please note that in some of the submissions by the Applicant, issues concerning bad faith were raised and if issues concerning bad faith can be considered for all of the oppositions, then we agree to consolidation of the cases but only if bad faith issues would be considered for all cases.” That comment is contained in a letter headed for case 2382018A (Opposition No 93496) where Q Electric Vehicles Ltd is the opponent. The comment appears to relate to a claim in the applicant’s counterstatement that the opponent’s own application was made in bad faith. Whether that is the case or not it was not a matter to be dealt with in Opposition No. 93496 and has not been raised as a ground in Bluebird’s opposition to Q Electric Vehicles Ltd’s application No. 2385362. I intend to deal with the cases in consolidated form.

Evidence

11. Evidence in these cases has been filed as follows:

Mark Ashley Jenkins	-	Q Electric Vehicles Limited
Richard Martin Rees	-	
David Bines	-	Bluebird Automotive Limited

12. Mr Jenkins is Managing Director of Q Electric Vehicles Limited and also of Llandaff Engineering Limited. Mr Rees is a director of Bluebird Automotive Limited. Mr Bines is Finance Director of Golden Vale Dairies Limited, a prospective purchaser of electric vehicles. Mr Sparrow is the owner of Amalfi Designs which undertook design work for the project at the heart of this action.

Brief outline of the history of the dispute

13. In the circumstances of these consolidated cases I do not propose to offer the normal evidence summary. Instead what follows is a brief summary of events to the extent that they represent common ground between the parties. I will then turn to the issues that divide the parties to the extent that they are material to the dispute.

14. Mr Rees says that he conceived a design for an electric vehicle in the summer of 2002 in response to approaches made from the dairy sector for a new vehicle to replace ageing milk floats. Mr Sparrow was engaged in June 2002 as stylist for the project. A presentation and proposal were put to Golden Vale Dairies in July 2002. Documentation is supplied in support of this at RMRO1. The first document in this Exhibit headed 'Golden Vale Vehicle Conversion Proposals' refers to QEV. There is also a letter from Wavedriver Systems Limited to Bluebird Automotive Group Ltd confirming their interest in supplying a Wavedriver system for the QEV vehicle. The other documents in RMRO1 are letters written in 2005 reflecting on the position in 2002/3 rather than being contemporaneous material from that time.

15. Mr Rees says that following the presentation to Golden Vale an order was placed and that two vehicles are currently in service with that firm though when the order was fulfilled is not clear. A prototype vehicle was produced in 2003. The photograph of the vehicle at RMRO2 does not show the QEV mark.

16. A further development of what is described as the QEV vehicle family was designed to challenge for the world land speed record for milk floats in August 2003. Cognoscenti will be interested to know that the vehicle established an official world speed record with an average speed in excess of 70 mph over a measured quarter mile. However, the press material relating to this event suggests that the vehicle was called Electron E150 rather than using the designation QEV though I note a link to QEV70 on the bluebirdautomotive.com website page. One of the contributing sponsors to the record attempt was Llandaff Engineering who manufactured the chassis for the vehicle.

17. There is some dispute as to precisely when Mr Jenkins first became involved in the project for which Q Electric Vehicles Ltd was intended to be the corporate vehicle. Mr Rees puts it in late 2003 when he says Mr Jenkins was introduced to the prototype of the vehicle. Mr Jenkins says he was approached by Mr Rees in around February 2004. Nothing seems to me to turn on this slight discrepancy in the respective versions of events. It seems that Bluebird Automotive did not have the capability or resources to produce the vehicle itself. Hence the need to bring in a manufacturing partner.

18. From February 2004 until at least April 2004 discussions took place between Bluebird Automotive and Llandaff Engineering (Mr Jenkins' company) as evidenced by the proposal document at RMR04 and the material at MAJ1.

19. At some point it was agreed that the parties' respective interests would be subsumed within a joint venture. Mr Rees says that this was in March 2004. Mr Jenkins claims that the decision to set up a joint venture company (ie Q Electric Vehicles Ltd) was taken at a meeting in June 2004. I infer that discussions continued over the precise arrangements during the period March to June 2004. There is no doubt as to when Q Electric Vehicles Ltd was formed. The Companies House record at MAJ2 gives the date of incorporation as 6 July 2004. So far as the parties' intentions were concerned the broad division of labour was that Bluebird Automotive would contribute intellectual property rights and technical services and Mr Jenkins would provide funding and engineering services.

20. There is little common ground between the parties as to what happened after the setting up of Q Electric Vehicles Ltd; what Mr Rees' and his partner's (Mr Hammond-Williams) relationship with the newly formed company was and the ownership of any rights/goodwill generated by the company. I will deal with these issues, where relevant, below. Suffice to say at this point that, although the breakdown in the relationship may have its origins in issues to do with the formation of Q Electric Vehicles Ltd, the parties continued to work with one another with a view to developing the product and business opportunities for much of the rest of 2004. Mr Rees says that the parties finally severed connections in December 2004. An e-mail contained in RMR05 appears to support this version of events so far as dates are concerned. This is also broadly consistent with the fact that the parties subsequently filed their respective trade mark applications in January and February 2005.

Adoption and early use of the QEV brand

21. Mr Jenkins says this at paragraph 3 of his witness statement of 10 August 2006 in relation to the process by which the QEV brand was adopted and the timing thereof:

“The concept of a new electric vehicle and the brand name was developed at a meeting held at Llandaff Engineering during June 2004. The people present at the meeting were myself, Martin Rees, David Hammond-Williams and Cliff Gapper. It was decided at this meeting that a company, Q Electric Vehicles Limited be formed using the brand name QEV, which is the initials of the company.”

22. It is difficult to reconcile this claim with Exhibit MAJ1 of Mr Jenkins' own evidence where a letter from Mr Sparrow dated 21 April 2004 refers to the QEV milk float. Clearly, QEV was already being used at that time in relation to a proposed new vehicle. Although material from 2002/3 is limited it is also clear that Bluebird Automotive had been using QEV in the proposal to Golden Vale Dairies (under cover of a letter dated 24 July 2002 in RMR01) and in dealings with a potential supplier (see the Wavedriver Systems letter of 25 July 2002 also in RMR01). The proposal document for a partnership between Bluebird and Llandaff Engineering dated February 2004 also refers to QEV (See RMR04).

23. Mr Jenkins is right to urge caution in relation to some of Mr Rees' claims. The news report material at RMR03 dealing with the attempt on the world land speed record for milk floats variously refers to the vehicle by reference to VXL (after the name of the company involved) and Electron E150. The most that can be said is that there is a website link to QEV70.

24. Nevertheless, the totality of the evidence including Mr Bines of Golden Dairies' statement that the term QEV was devised by Bluebird and had been used in relation to the development of an electric vehicle from July 2002 suggests that Mr Jenkins is wrong to claim that the brand name was not developed until the meeting in June 2004.

25. The fact that Bluebird was first to adopt the name does not in itself deal with the nature and extent of use of the name and in particular whether Bluebird is entitled to claim goodwill in relation to a business conducted under the mark (bearing in mind that part of Bluebird Automotives case against Q Electric Vehicles Ltd is based on the law of passing off).

26. Mr Rees says at paragraph 5 of his evidence in reply witness statement of 12 May 2006 that:-

“Following the presentation to Golden Vale and further discussions, Golden Vale placed an order and deposit for one QEV vehicle. Two QEV vehicles are currently in service with Golden Vale and my Company has secured an order from them for further QEV vehicles.”

27. The placing of the deposit is confirmed by Mr Bines of Golden Vale who says it was in November 2002. Mr Bines makes no mention of the vehicle being delivered and put into service though he does mention the existence of an early prototype in 2002/2003. I am uncertain of the basis for, and timing of, the claim that vehicles are currently in service. Given that Mr Rees' statement was made in May 2006 it may well be a reference to an event that has taken place after the material dates in these proceedings.

28. It follows that the only real evidence of activity under the mark QEV prior to the inception of discussion with Llandaff Engineering was the proposal to Golden Vale Dairies and subsequent placing of a deposit. Subsequent events suggest that Bluebird Automotive may in reality have not had the capability to deliver on that order absent a relationship with a manufacturing partner.

Does this limited activity create goodwill?

29. In *Hart v Relentless Records Ltd* [2003] FSR 36 Jacob J (as he then was) held that:

“In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by Section 2(2) of the Trade Mark Act 1994. The provision goes back to the very first registration Act of 1875, Section 1. Prior to then you had

a property right on which you could sue, once you had put the mark into use. Even then a little time was needed; see *per* Upjohn LJ in BALI Trade Mark [1969] RPC 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge’s finding). Again that shows one is looking for more than a minimal reputation.”

30. The claimant in that case had unsuccessfully tried to promote a record company under the name “Relentless” but had never got any further than issuing four promotional tracks to DJs along with “the odd mention on the radio and some ephemeral mentions in a few magazines. In all cases what would have mattered most is the tracks and performer, not the company name”. This was held to be minuscule reputation.

31. The mere fact that a business is small does not prevent it having goodwill – see *Stannard v Reay* [1967] R.P.C. 589 though the business there was by its nature a local one (a mobile fish and chip van). Pre-trading activities may be capable of creating goodwill. The *British Broadcasting Corporation v Talbot Motor Company Ltd* [1981] FSR 228, for instance, turned on pre-launch publicity without actual sales. *BBC v Talbot* in turn relies on *W H Allen & Co v Brown Watson Ltd* [1965] RPC 191. The Vice-Chancellor’s findings in *BBC v Talbot* were that:

“Here, there is ample evidence that a significant part of the public knew about the name CARFAX [used in relation to a traffic information system] as distinctive of the BBC's system. This, I think, is clearly established by many affidavits and letters, many articles and references in newspapers and periodicals, a television programme broadcast in the "Top Gear" programme in March 1980 which is estimated to have been seen by some 3 million people, and the distribution of over 100,000 copies of "Radiomobile News" and a broadsheet at the Motor Show in October 1980; and the results of some market research in the Birmingham area on behalf of Talbot themselves show that even if the sample was a true sample, which Mr. Morrill did not accept, some 1.2 million of the population of this country knew of the BBC's CARFAX system.”

32. Even allowing for the fact that the market for electric vehicles (I observe in passing that the applied for specifications are not restricted in this way) may be a specialist one there is no indication or confirmation of wider public awareness of QEV. Bluebird’s activity appears to have concentrated on internal product development and the contact with Golden Vale Dairies, the single prospective customer that has been clearly identified. Moreover, even that approach appears to have been generated by the dairy rather than the other way round. It is true that the proposal document at RMR04 refers to contacts between Bluebird and a few other large retail customers and a company called Prestige Mobility. But these appear to have been in relation to possible service and maintenance contracts. The contacts also appear to have been under the Bluebird A.S.S.I.S.T. brand rather than QEV.

33. A further point of concern is the evidence filed by Mr Jenkins, in particular MAJ6, to show by reference to Companies House records that Bluebird Automotive Ltd is a dormant company in relation to the last accounting period which is given as 04/04/2004. Exhibit MAJ17 also contains a 'Recent Filing History' which records a similar state of affairs for the preceding two accounting periods. My understanding is that a dormant company must not have any accounting transactions in the sense of recorded trading activity though I emphasise that I have not had the benefit of submissions dealing with this area of company law.

34. I find it difficult to see how the limited evidence of activity and dormant company status can lead to a conclusion favourable to Bluebird Automotive on the issue of goodwill. In reaching that view I do not ignore the dealings with Golden Vale Dairies and Mr Bines' evidence but this appears to have been a matter of personal contact between Mr Rees and Mr Bines. In any case it is not enough to suggest that a sufficiently substantial part of the relevant public was aware of the QEV name.

The joint venture proposal

35. There appears to be no written document setting out the parties' intentions (a state of affairs that is confirmed by paragraph 19 of Mr Rees' witness statement of 12 May 2006 in Opposition No.93496). There is no dispute that Mr Rees and Mr Jenkins, as prime movers, intended to pool their respective contributions to the electric vehicle project in a joint venture company. The parties differ on the question of whether the joint venture company, Q Electric Vehicles Ltd, was set up and operated in accordance with the verbal agreement between them. They also differ on the matter of Mr Rees' and his colleague Mr Hammond-Williams' relationship with that company.

36. Q Electric Vehicles Ltd was formed on 6 July 2004. A press release exhibited at MAJ3 issued on 9 July 2004 records inter alia that:

“The QEV range is the brainchild of a new Cardiff-based company, Q Electric Vehicles. The company has been formed between Bluebird Automotive; famous for its electric land speed record cars and Llandaff Engineering, one of South Wales oldest and most successful engineering companies.”

37. The press release gives Mr Hammond-Williams' name as a contact point for further information. Mr Hammond-Williams was, with Mr Rees, joint founder of Bluebird Automotive Ltd. It is Mr Jenkins' contention that Mr Rees and Mr Hammond-Williams were employees of Q Electric Vehicles Ltd and that any trade mark rights and goodwill would have vested in Q Electric Vehicles Ltd and not Bluebird Automotive Ltd.

38. Mr Rees makes a number of clear claims in his evidence as to his understanding of the position. In particular in his witness statement of 12 May 2006:

“12 In March 2004 my Company and Llandaff entered into a joint venture understanding, whereby Mr Jenkins would provide funding and my Company would provide the intellectual property rights and technical

services to produce the QEV range of vehicles for customers. A company would be set up jointly and would be called Q Electric Vehicles Limited, which described the product to be developed jointly and which was also the full name of the product to be produced under the QEV mark. I expected to be a director of the new joint venture limited company when it was incorporated.

- 13 My Company's directors of which I am one, agreed to work without remuneration for the first three months (March-May 2004) to prove the viability of the concept through the acquisition of potential clients. Thereafter, it was understood that the new company, Q Electric Vehicles Ltd, would be properly formulated and agreement reached on its structure, whereupon my Company's directors would become directors of the new enterprise and would, in return, vest the various intellectual property, design rights and the order from Golden Vale, held by my Company, in the new company. No document transferring the intellectual property right to Mr Jenkins or to the joint venture partnership or to Q Electric Vehicles Limited has ever been executed."

and

- "20 On July 6 2004, Mr Jenkins went ahead and registered a company called Q Electric Vehicles Ltd, (the Opponent) under number 05171168, without prior consultation with personnel from my Company. The directors of my Company were not informed at the time and the fact was discovered subsequently only as a result of casual conversations. Mr Jenkins states that I was an employee of Q Electric Vehicles and that any trade mark rights and goodwill generated by myself accrued to the new limited company. I was not an employee and I deny that any rights accrued to the new limited company through my efforts. Any use of the mark accrued to my Company as owner of the mark."

39. Given that Q Electric Vehicles Ltd was publicly stated to be a company formed between Bluebird Automotive and Llandaff Engineering it is reasonable to suppose that those companies and/or the controlling minds behind those companies should have shared ownership and control of the joint venture. Indeed, it would seem somewhat unusual if one of the parties behind the new venture was prepared to effectively abandon any claim to a share of ownership and/or control. I, therefore, find Mr Rees' claims in paragraphs 12 and 13 set out above to be entirely plausible.

40. Mr Jenkins in his evidence in reply of 25 August 2006 in Opposition No. 93496 does not respond to paragraph 13 but says in response to paragraph 12:

- "12. In response to paragraph 12 of the Witness Statement by Martin Rees, he was made "Head of Development" – see previous Exhibit MAJ5 and the attached business cards. Martin Rees knew full well he was an employee of the company otherwise he would have objected to press releases issued in his name or reference to his association with Q Electric Vehicles Limited and why would he have business cards for a

company he did not know existed? Mr Rees specifically asked not to be made a director as he was in dispute with Express Dairies. Attached as **Exhibit MAJ13** is a letter from Reynolds Porter Chamberlain, a firm of solicitors, confirming this. I had agreed to make payments on Mr Rees' behalf to settle this matter. Further, it was verbally agreed that the trading company Q Electric Vehicles Limited would own the name QEV so there was no need to transfer any trade marks to Bluebird as it had not been using the mark as a trade mark. Bluebird previously was not a trading company and had no capital to develop a product until Llandaff Engineering became involved.”

41. I will return to the ‘employee’ claim below. So far as the claim that Mr Rees had asked not to be made a director is concerned, the accompanying exhibit (MAJ13) refers to a dispute with Express Dairies but makes no mention of any implications in relation to holding directorships.

42. In response to Mr Rees' paragraph 20 above Mr Jenkins simply reiterates that he (Mr Rees) knew of the intention to set up the company. I do not think Mr Rees denies that such an intention existed. It is the giving effect to that intention (and the way in which it was to be achieved) that is Mr Rees' concern. Mr Jenkins does not deny the claim that the directors of Bluebird Automotive were not informed about the setting up of Q Electric Vehicles at the time it took place and only found out through casual conversation after the event. In my view Mr Jenkins has not fully addressed the issues surrounding the setting up of the company. It seems extraordinary that a joint venture company should be set up without one side (Bluebird) being told and having to learn about it by accident.

43. Furthermore, Mr Jenkins does not say who the directors and shareholders of Q Electric Vehicles Ltd are. If one or more directors of Bluebird had been appointed to the new company it seems inconceivable that Mr Jenkins would not have mentioned it. No doubt too there would have been a verifiable paper trail to substantiate the position. Similarly, if Bluebird directors or the company itself had been given shareholding interests, that too would have been mentioned. In the absence of a more forthcoming response from Mr Jenkins I take the view that the setting up of Q Electric Vehicles was not carried out in a manner consistent with the intentions of the parties and the public statement that it was a company formed jointly by Bluebird Automotive and Llandaff Engineering.

Mr Rees' relationship with Q Electric Vehicles Ltd

44. Mr Jenkins places considerable reliance on the claim that Mr Rees was an employee of Q Electric Vehicles Ltd and by implication was bound by the normal obligation and duties that an employee owes to his employer. The written submissions also home in on this point. Mr Jenkins refers to the press release at MAJ3 and business cards at MAJ5 as evidencing the fact that Mr Rees had accepted the title of Head of Development and Mr Hammond-Williams, the title of Head of Communications. There is also a ‘To whom it may concern’ letter at MAJ4 confirming Mr Rees' “employment with this company”. Normally such letters do not satisfy the requirements of Rule 55 of The Trade Marks Rules 2000. However, the letter is dated 13 July 2004 and cannot be dismissed on the basis that it was simply

prepared for the purposes of these proceedings. On the other hand it is not clear what prompted the letter or to whom it was sent (if anyone). I note that the letter itself is from Llandaff Engineering Ltd (not Q Electric Vehicles Ltd). That is consistent with the payroll print out (also in MAJ5) which attributes Mr Rees' payment to 28 November 2004 to Llandaff Engineering.

45. The latter state of affairs is also consistent with Mr Rees' claim that "until such time as the new joint venture company was generating income, my Company's personnel working on the QEV vehicle project would be paid from Llandaff."

46. The waters are further muddied by a letter dated 13 October 2004 from Mr Jenkins' PA, Deborah Thornton, to Mr Rees (at MAJ15) which refers to him as a consultant rather than employee and acknowledges that "There are lots of grey areas Martin and yes we should have sat down in the very beginning and sorted out the ground work. I believe all this will be irrelevant when QEV becomes solvent as you will be on the payroll and I will sort out a contract of employment that will cover all the issues". The reference to consultant status accords with the clear statement made in a letter from Q Electric Vehicles Ltd of 15 February 2005 addressed to the Trade Marks Registry accompanying Opposition no 93589 claiming that "This company employed Mr Martin Rees and Mr David Hammond-Williams of Bluebird Automotive as consultants during the period March – November 2004".

47. It is neither necessary nor possible to resolve these inconsistencies. Clearly Mr Rees operated with the title of Head of Development at Q Electric Vehicles Ltd. No doubt he needed some form of title to reflect his involvement with the new company. However, after the initial March to May 2004 period when he claims to have worked without remuneration, he seems to have been paid by Llandaff Engineering. In reality as the above extract from Deborah Thornton's letter suggests insufficient thought was given to employment issues during the period after Q Electric Vehicles Ltd was formed with the result that the parties are in my view trying to retrospectively rationalise (to their own advantage) issues that they failed to address fully or at all at the time.

Use by Q Electric Vehicles Ltd

48. Much of the evidence filed in relation to claimed use following the establishment of Q Electric Vehicles Ltd on 6 July 2004 is in the nature of internal documents. Thus, for instance, there are purchase orders/invoices between Llandaff Engineering and Amalfi Designs in MAJ1 and e-mail exchanges, again between Llandaff Engineering and Amalfi Designs at MAJ10 and 11. By reference to the order number (BBA 27239) it is possible to say that certain of these documents relate to the order for 5 vehicles placed with Mr Rees by Golden Vale Dairies on 2 November 2004 for vehicles (see Exhibit MAJ9). The few remaining documents that have dates after Q Electric Vehicles Ltd's formation are unexplained.

49. The other documents that I need to consider are the press release of 9 July 2004 at MAJ3, the Western Mail article of 15 July 2004 at MAJ8 and the brochure at MAJ7.

50. As I have recorded above, the press release announcing the new venture acknowledges that Q Electric Vehicles has been formed by Bluebird Automotive and

Llandaff Engineering. There is no indication as to whom the press release was sent, what interest was shown, or whether it made any impact on potential purchasers of electric vehicles in general or milk floats in particular. The press release records that the QEV vehicle “made its debut this weekend at the annual Bridgend Show”. As the press release is dated Friday 9 July that places the show as taking place on 10 and/or 11 July 2004. The vehicle is said to have been on display courtesy of Bridgend-based Golden Vale Dairies. There is an accompanying picture of the vehicle with the number plate QEV 70.

51. No explanation is offered as to the nature of the Bridgend Show. There is nothing to suggest that it is a show dedicated to electric or other vehicles. It seems more likely that it is a local agricultural show, country fair or such like. Presumably the vehicle featured on the Golden Vale Dairies’ stand in which case it is reasonable to infer that this was a local company promoting its own products and services and using the new vehicle to attract interest. There is nothing about the arrangement that suggests to me that the Bridgend Show was a particularly appropriate method of promoting the vehicle to end users and potential purchasers of electric vehicles. There is no indication of interest shown in the vehicle, enquiries received or orders taken (or even that Q Electric Vehicles Ltd had personnel on the stand).

52. Shortly after the show, on 15 July 2004, the Western Mail article appeared. It is a general interest piece. In my view it is likely to have had minimal impact on the market for electric vehicles. Certainly there is no evidence of any follow-up interest or enquiries.

53. Q Electric Vehicles Ltd did, however, have a small two fold company brochure depicting the vehicle and giving technical specifications etc. Mr Jenkins says that public knowledge of the QEV brand was generated as a result of this brochure. But again no information is given on the number of brochures printed or distributed; whether it was the subject of a mailing; if so to whom; how many responses were received; and what follow up action was taken etc.

54. On the basis of this material I am asked to conclude that Q Electric Vehicles Ltd has established a goodwill. The only confirmed order that has been identified is the one from Golden Vale Dairies but that already existed in the sense that Mr Rees had brought the Golden Vale contact to the proposed joint venture. I accept that activity was taking place between Llandaff Engineering and Amalfi Designs with regard to cab assemblies etc but there is insufficient information to enable me to conclude that there was any material level of awareness of the brand or company name amongst the relevant public for the type of vehicles concerned. In short the claim that Q Electric Vehicles Ltd enjoys goodwill in relation to a business conducted under its own name or the sign QEV has not been substantiated.

The Law

55. Grounds have been pleaded under Sections 3(6), 5(2)(b) and 5(4)(a). The relevant parts of the statute read as follows:

Section 3(6)

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Section 5(2)(b)

“(2) A trade mark shall not be registered if because -

(a)

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

Section 5(4)(a)

“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

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.”

Q ELECTRIC VEHICLES OPPOSITION TO BLUEBIRD’S APPLICATIONS

The passing off objection against Bluebird Automotive’s applications

56. I remind myself that the necessary elements of an action for passing off are:

- (1) that the opponent's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponent; and

- (3) that the opponent has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the applicant's misrepresentation.

57. In *REEF Trade Mark* [2002] RPC 19 Mr Justice Pumfrey observed that:

"27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."

58. The above passage sets out the evidential burden on an opponent relying on a passing off claim and also refers to the necessity of establishing the claim at the relevant date. The Act is silent on the matter of the relevant date but Article 4.4(b) of First Council Directive 89/104 makes the position clear:

"(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent mark;"

59. The relevant date for the purpose of Q Electric Vehicles' case is 13 January 2005. Q Electric Vehicle's statement of grounds gives 6 July 2004 (the company formation date) as the date from which the earlier right is claimed. It follows from my above consideration of use by Q Electric Vehicles Ltd that the passing off case is bound to fail for want of evidence establishing or substantiating goodwill. The only identified instance of trade was the order from Golden Vale Dairies and that preceded the setting up of Q Electric Vehicles Ltd. The other circumstances described by Mr Jenkins represent preparations for trade with no clear indication of the impact (if any) on the relevant target market.

The bad faith claim against Bluebird Automotive

60. Section 3(6) provides that a trade mark shall not be registered if or to the extent that the application is made in bad faith. In *China White* [2005] FSR 10, the Court of Appeal decided that the ‘combined test’ they understood to have been laid down by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164, should be applied in deciding cases under Section 3(6) of the Act. In *Barlow Clowes International Ltd v Eurotrust International Ltd* [2006] 1 Lloyd’s Rep 225, the Privy Council clarified that the House of Lords’ judgment in *Twinsectra* required only that a defendant’s state of knowledge was such as to render his action contrary to normally accepted standards of honest conduct. There is no additional requirement that a defendant (or applicant in trade mark proceedings) must also have reflected on what the normally accepted standards were. The applicability of these principles to trade mark cases has since been confirmed in *Ajit Weekly Trade Mark* [2006] R.P.C. 25. The standard itself is that set down in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367. It includes dishonesty but also includes some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.

61. The essence of Q Electric Vehicles’ case appears to be that “Mr Rees abused his position with our company” (letter of 15 February 2005 attached to the statement of grounds for Opposition Nos 93589 and 93591). The basis for that claim is that Mr Rees was an employee of Q Electric Vehicles Ltd and was thus under an obligation to the company as his employer. In Mr Jenkins’ view rights in the name QEV were to be vested in Q Electric Vehicles Ltd.

62. Whilst I appreciate and have some sympathy with Mr Jenkins’ position in so far as he was providing funding for the project I am unable to accept that in all the circumstances Mr Rees’ behaviour amounted to bad faith. I say this for the following reasons:

- the evidence shows that Mr Rees had been using the name QEV as early as July 2002 in the proposal put to Golden Vale Dairies.
- Mr Rees had developed the contact with Golden Vale and was contributing associated design work for the electric vehicle as part of his input to the proposed joint venture company.
- there is no doubt that Q Electric Vehicles was intended to be a joint venture between Bluebird Automotive and Llandaff Engineering (see the press release at MAJ3).
- there is no evidence that the parties’ intentions regarding the joint venture company were ever fulfilled. In particular the setting up of the company was done without Mr Rees’ knowledge and without any indication that Bluebird Automotive or its director had been given any shareholding interest or that Bluebird’s directors had been made directors of the new company. It was not a joint venture company in any meaningful service.

- Mr Rees' position in relation to the work he did for Q Electric Vehicles was left unresolved. He is variously referred to as employee or consultant but appears to have been paid by Llandaff Engineering.

63. The upshot is that Mr Rees' intentions and reasonable expectations in relation to the joint venture company were never fulfilled. In the circumstances it is difficult to see why Mr Rees should be considered to have been under any continuing obligation to vest intellectual property rights, design rights and the order from Golden Vale in the new company. The issue I have to decide, of course, is whether, following the breakdown in the relationship between the parties, it was an act of bad faith within the meaning of the above test for Bluebird Automotive Ltd to file the trade mark applications in question. In all the circumstances I am far from convinced that it was. The bad faith claim fails.

BLUEBIRD'S OPPOSITION TO Q ELECTRIC VEHICLES' APPLICATION

Bluebird's Section 5(2)(b) objection

64. As a result of my decision above (and subject to any appeal) Bluebird Automotive's applications will proceed to registration and constitute earlier trade marks for the purposes of Section 6(1) of the Act capable of acting as a barrier to the registration of Q Electric Vehicles' application.

65. For the benefit of the opponent which is no longer professionally represented in these proceedings I will set out the relevant guidance from the European Court of Justice which is binding on me. The key cases are *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG and Adidas Benelux BV* [2000] E.T.M.R. 723.

66. From these cases the following principles can be derived:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant – but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & C. GmbH v Klijsen Handel B.V.* paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by

the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;

- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;
- (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v. Adidas AG and Adidas Benelux BV*, paragraph 26;
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

67. The comparison here is between Q Electric Vehicles Ltd (in the form of the series of four marks applied for) and QEV in its various forms with and without the addition of the numbers (70, 90 and 120) which appear to be treated as model numbers. Identical goods are involved.

68. It will be apparent from my above findings that this is not a case where the opponent can claim an enhanced degree of distinctive character through use of QEV having regard to the criteria to be applied in this respect (see point (f) above) and *Steelco O/268/04*). The opponent's three letter mark QEV (or that element with the various numeral combinations) does not strike me as being materially similar from a visual or aural standpoint to the series of four marks applied for which clearly spell out a company name.

69. Any claim to a material degree of similarity must rest on the presumption that the average consumer will readily understand that EV stands for electric vehicle and approach the mark QEV accordingly. As point (c) above indicates consumers do not generally approach marks in a spirit of analysis. However, I also accept that consumers may become accustomed to seeing certain letter combinations used as descriptive abbreviations. In the context of motor vehicles abbreviations such as 'cc' or 'mpg' would be readily understood. But whether the same would be true if those abbreviations were used in combinations with another letter is less clear.

70. No evidence from trade or other sources has been placed before me from which I can judge whether EV or ev is an established and recognised abbreviation. There is some slight evidence in the material from the parties to suggest that the letters are being used in this way. Thus, the brochure at MAJ7 uses a variety of potential branding and other references including Q, QEV, the full company name, Q Electric and Q-ev. In the latter case the presentation may hint at descriptive usage. Although some consumers who pause to reflect may deduce what the EV element of QEV stands for, it is by no means clear that the descriptive reference is sufficiently well understood or obvious in the combination QEV. I see no reason, therefore, why consumers would dissect the mark QEV in this way. Accordingly, I have no reason to suppose that consumers would give less weight to the second and third letters of QEV or, conversely, place greater emphasis on the first letter. I might just add that the specifications are not limited to electric vehicles. In relation to non-electric vehicles the letters would presumably have no meaning whatsoever.

71. Based on a whole mark comparison Q Electric Vehicles Ltd, which is clearly a company name, has a low degree of similarity to the three letter combination QEV.

72. It is clear that the goods at the heart of the dispute are electric vehicles of a kind that will be aimed at businesses such as dairies and entertainment complexes. The brochure at MAJ7 suggests other potential users might include supermarkets, furniture stores, mail delivery companies, local authorities, caterers etc. Such customers are likely to be knowledgeable, discriminating and likely to exercise care when investing in a product that calls for a material capital outlay. That suggests a comparable degree of care will be exercised when it comes to distinguishing between trade marks. The respective specifications are not limited to business users (and cover land vehicles at large) but I would expect private buyers to exercise at least an equal amount of care when purchasing something as expensive as a vehicle.

73. The likelihood of confusion is a matter of global appreciation taking all relevant factors into account. I bear in mind that the goods in issue here are identical and that the mark QEV is in its totality a distinctive one. However, the degree of similarity between the marks is low. Without evidence that the public has been educated to equate EV with electric vehicles and would on that basis make a conceptual link with the company name Q Electric Vehicles Ltd I find that there is no likelihood of association leading to confusion between the applied for series of marks and the opponent's QEV (and variants) mark. The opposition fails under Section 5(2)(b).

Bluebird Automotive's case under passing off

74. This too must fail. Bluebird Automotive has failed to establish goodwill for all the reasons given earlier in this decision. That alone is fatal to its case.

COSTS

75. The cross-oppositions have failed with the result that, absent an appeal, the marks will proceed to registration. In the circumstances there is no reason to favour either side with an award of costs.

Dated this 13th day of March 2007

M REYNOLDS
For the Registrar
The Comptroller General