

BL O/454/19

TRADE MARKS ACT 1994

IN THE MATTER OF CONSOLIDATED PROCEEDINGS  
UK REGISTRATION NO. 3175065 IN THE NAME OF ALL FILL INC  
IN RESPECT OF THE TRADE MARK:

**ALL-FILL**

AND

AN APPLICATION FOR A DECLARATION OF INVALIDITY THEREOF  
UNDER NO. 501783 BY ALL FILL INTERNATIONAL LIMITED

AND

IN THE MATTER OF UK APPLICATION NO. 3218634  
IN THE NAME OF ALL FILL INTERNATIONAL LIMITED  
IN RESPECT OF A SERIES OF TWO TRADE MARKS:

**ALL-FILL**

AND

**Allfill**

AND

AN OPPOSITION THEREOF UNDER NO. 409591  
BY ALL FILL INC

## **Background and pleadings**

### All Fill US's TM registration

1. On 17 July 2016, All Fill Inc (hereafter 'All Fill US') applied to register ALL-FILL as a trade mark under no. 3175065. It completed its registration procedure on 14 October 2016 and is registered for the following goods:

#### **Class 7**

Machinery, namely auger fillers, feeders and conveyors and unscramblers, and parts therefore, for use with powders and liquids.

2. On 4 September 2017, All Fill International Limited (hereafter 'All Fill UK') filed an application to have this trade mark declared invalid under the provisions of sections 47(2)(a) and (b) and sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 ("the Act").

3. All Fill UK relies upon the words 'ALL-FILL', which it claims to have used throughout the UK since September 1984 for, 'auger fillers, feeders and conveyors and unscramblers, and parts therefore for use with powders and liquids.'

4. All Fill US filed a counterstatement on 10 November 2017 in which it denies the grounds of invalidation. It claims that the registration was not made in bad faith and that at the filing date of its registration, All Fill US was the owner of the goodwill in the mark.

### All Fill UK's trade mark application

5. On 14 March 2017, All Fill UK applied to register a series of two marks 'ALL-FILL' and 'allfill', in the following classes:

#### **Class 7**

Filling and conveying machines; filling and conveying machines for conveying solid, powder and granulated materials, pastes, creams and liquids; augers [machines], feeders [machines], unscramblers [machines], sealing machines, bottling machines; parts and fitting for the aforesaid goods.

**Class 37**

Machinery installation, maintenance and repair services; information, advisory and consultancy services relating to all the aforesaid services.

**Class 42**

Design of industrial and specialist machinery; engineering services for the design of machinery; information, advisory and consultancy services relating to all the aforesaid services.

6. Following its publication, the application was opposed, on 22 June 2017, by All Fill US, relying on grounds under sections 5(1), 5(2)(a), 5(3), 5(4)(a) and 3(6) of the Act. The opponent relies on the following marks for the first three of these grounds:

<b>Marks:</b>	<b>Goods:</b>
<b>UKTM:</b> 3175065 <b>ALL-FILL</b> Filed: 17 July 2016 Registered: 14 October 2016	<b>Class 7</b> Machinery, namely auger fillers, feeders and conveyors and unscramblers, and parts therefore, for use with powders and liquids.
<b>EUTM:</b> 015665532 <b>ALL-FILL</b> Filed: 18 July 2016 Registered: 19 December 2016	<b>Class 7</b> Machinery, namely auger fillers, feeders and conveyors and unscramblers, and parts therefore, for use with powders and liquids.

7. Under the 5(4)(a) ground All Fill US relies upon the words 'ALL-FILL', which it claims to have used throughout the UK since September 1984 for, 'all of the goods and services in the opposed application'.

8. In its skeleton argument and at the hearing, All Fill US did not seek to pursue the bad faith claim under section 3(6) submitting that whilst it disagrees with what the other side says, where the evidence conflicts, it seems that the other side, like All Fill US, considered that it had legitimate grounds to seek to register the mark.

9. On 4 September 2017, All Fill UK filed a counterstatement in which it denied the grounds of opposition and confirmed its position with regard to goodwill in ALL-FILL:

6.1 On and before (i) the Opponent's Filing Dates and (ii) the Application Filing Date, all goodwill in the Mark in the United Kingdom in respect of the Applicant's Goods and Services, the Opponent's Goods, and any similar goods and services was and is owned by the Applicant. Such goodwill is still owned by the Applicant.

10. Both parties filed evidence and skeleton arguments. A hearing was requested and took place by video conference, at which Ms Amanda Michaels of Counsel represented All-Fill US, instructed by S&P Legal. All Fill UK was represented by Mr Michael Hicks of Counsel, instructed by Mills & Reeve LLP.

### **Approach**

11. The filing date of the subject trade marks are 17 July 2016 and 14 March 2017. However, in this case, both parties claim to be the owner of the goodwill in the name All-Fill in the UK since September 1984. Both claim that the goodwill rests in a business producing, selling, maintaining and repairing auger fillers, feeders and conveyors and unscramblers, and parts therefor, for use with powders and liquids. I intend to determine the issue of ownership of the goodwill and identify the earliest date at which it is established before applying the law to those facts in these invalidation and opposition proceedings. I say this because, although a Section 5(4)(a) claim has to be established at the date of the application, it is clear that neither of the parties could have had such a right if the other side's use is protected in the UK from an earlier date or if, by the relevant date, the other party had established his own actionable goodwill in the UK (Habib Bank [1982] RPC 1 at 24).

## All Fill UK evidence

### Witness statement of Michael Rowland Watts with exhibits MRW1-MRW20

12. Mr Watts is the Managing Director of All Fill International Limited (All Fill UK) and its wholly owned subsidiary, All Fill Limited. He has held these positions since 25 November 1993. Mr Watts confirms in his witness statement that so far as customers and the trade are concerned, both companies have been the same business since 1984.<sup>1</sup> Mr Watts refers to the companies as All Fill '90 and All Fill International '35, referring to the end digits of their registered company numbers. For ease of reference, I will refer to both companies collectively as All Fill UK, except where it is necessary to do otherwise.

13. Mr Watts describes an auger filler in the following terms:

*9. Auger Fillers are designed to fill rigid containers (such as jars, tubs, bottles and cans) and flexible containers (such as pouches, bags and sacks) with powders, granules and pastes. Auger Fillers have a hopper shaped like a cone that holds the product in question and puts it in the container using an auger screw (the "auger").*

14. Mr Watts submits that:

*"11. Since 1984, All-Fill International [All Fill UK] has been engaged in this business throughout the United Kingdom (and also in Europe, Africa, Russia and the Middle East). In particular:*

*11.1 it has designed and sold, Auger Fillers, and spare parts and fittings for Auger Fillers and ancillary equipment such as rotary unscrambling tables, conveyors, screw feeders, and sold capping and labelling machines;*

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<sup>1</sup> See paragraph 8.

*11.1 it has installed, and commissioned Auger Fillers, ancillary equipment, and other machines;*

*11.2 it has sold spare parts for, and maintained and repaired, Auger Fillers and other machines that have been installed by All-Fill International; and*

*11.3 provided related information, advisory and consultancy services such as advising customers on the methods of feeding powder to the Auger Fillers and recommending complementary equipment.”*

15. Mr Watts submits that throughout this period his business has been provided using the names, ‘All-Fill International’, ‘All-Fill’ and with the ‘All-Fill logo’.

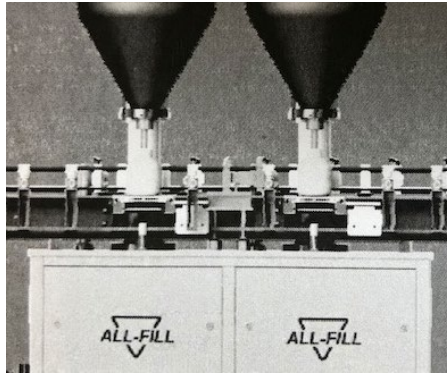
16. Mr Watts submits that in the UK there is a higher level of regulation for this type of machinery than in the USA, due to EU regulations. He provides a document titled ‘Auger Filling Technology Principles and Configurations’ which he says describes the technical features.<sup>2</sup> It has a copyright date of 2013 and shows the following on the front page:



17. Machines depicted in the document have the following logo shown on them:

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<sup>2</sup> See MRW1.



18. The first paragraph of the document reads:

*“Since All-Fill was founded in 1969, it has established itself as one of the World’s leading designers and manufacturers of high specification auger-based filling equipment – a reputation achieved by continued innovation, commitment to quality and maintaining the highest standards of engineering.”*

19. Mr Watts submits that All Fill UK supplies auger fillers in different industry sectors to ‘over 330 different companies ranging from small to multinational businesses’. He has provided lists of customers for each of those sectors. I include a few examples of each by way of illustration:

20. The pharmaceutical sector – GSK, Pfizer and University NHS Trust.<sup>3</sup>

The food and beverage sector – British Sugar, Cadbury’s and Reckitt & Coleman.<sup>4</sup>

The chemical and agrochemical sector – Artex, Everbuild and Rawlplug.<sup>5</sup>

The cosmetic and toiletries sector – Boots, Elizabeth Arden Ltd and Proctor & Gamble.<sup>6</sup>

21. Mr Watts provides brochures for eleven auger filling machines which he states were manufactured and sold by All Fill UK. The date on which the machine was first

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<sup>3</sup> Exhibit MRW2.1

<sup>4</sup> Exhibit MRW2.2

<sup>5</sup> Exhibit MRW2.3

<sup>6</sup> Exhibit MRW2.4

sold and the year from which the brochures in evidence have been used by All Fill UK are provided in a table which I reproduce below:

Model	Sold from	Current leaflet used from	Exhibit reference
Volumetric filling machine	1984	2004	MRW3.1
Gravimetric filling machine	1984	2004	MRW3.2
Sack filling machine	2002	2006	MRW3.3
VFFS filling machine	1984	2004	MRW3.4
Micro-fill powder & granule filling machines	2000	2006	MRW3.5
Mini-filler auger filler	1990	2009	MRW3.6
In-line filling machine	1985	2004	MRW3.7
Rotary filling machine	1990	2004	MRW3.8
Multi-fill powder filling machine	1988	2014	MRW3.9
Bespoke special purpose auger filling systems	1984	2004	MRW3.10
Bespoke powder fillers turnkey lines	1984	2004	MRW3.11

22. All of the leaflets include the All Fill logo reproduced at paragraph 16 and All Fill UK's address in Bedfordshire. Below this is an email address, [info@allfill.co.uk](mailto:info@allfill.co.uk) and a website, [www.allfill.co.uk](http://www.allfill.co.uk). The leaflet at MRW3.10 for special purchase machines begins with the following:

*“Over 30 years’ experience in supplying individually tailored equipment to industry has provided All-Fill with a comprehensive ‘library’ of technologies and techniques to develop special purpose machine solutions to clients’ diverse filling and handling applications challenges.”*



23. Mr Watts states that since 2007, All Fill UK has been a member of the Processing & Packaging Machinery Association which is a UK trade association for suppliers of processing and packaging machinery to the UK market.

24. Mr Watts says that:

*“22. [All-Fill UK] initially manufactured and sold Auger Fillers, using components mainly purchased from All-Fill Inc, but within a few years after 1984, an increasing number of components were purchased by All-Fill '90 from other suppliers in the UK and it was manufacturing and selling Auger Fillers which it had designed and which were not the same as those manufactured and sold by All-Fill Inc in the USA: they had a higher specification due to the EU regulatory requirements which were getting more and more strict, combined with higher safety levels, stainless steel contact parts and quick release components.”*

25. With regard to the agreements between All Fill US and All Fill UK in 1984 and 1985, Mr Watts says:

*“23. Ryan Edginton, the current President and CEO of All-Fill Inc has asserted in email correspondence in February 2017<sup>7</sup>...that All-Fill Inc entered into licence agreements with All-Fill [UK] in 1984 and 1985, and he has provided me with unsigned and undated copies of what he asserts were these agreements.<sup>8</sup> In all my time at All-Fill International since 1992, I have never been aware of any such agreements existing, nor did All-Fill Inc ever refer to them in correspondence and discussions to which I was a party. Furthermore, neither All-Fill [UK] nor All-Fill Inc have acted in accordance with the terms of any such agreements.”*

26. Mr Watts says that when shares were transferred between Mr Watts' two All Fill companies, the accounts of All-Fill UK did not reflect the payment of any licence fees to All-Fill Inc., as provided for in the alleged 1984 licence agreement. In addition, he

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<sup>7</sup> See exhibits MRW4.1-4.3

<sup>8</sup> See exhibits MRW5 and MRW6.

submits that at this time 3i pie and Odyssey Ventures Ltd (then named Beaufort Lee Limited) also acquired a shareholding in All-Fill UK and a due diligence process into All-Fill UK was conducted by their lawyers. He adds that “I feel sure that any previous formal licensing agreement would have been uncovered by the due diligence process, and none was disclosed.”

27. He continues:

*“23...Moreover, Chris Head specifically gave warranties, amongst other things, that: "The Company has not been granted any licence or right under or in respect of any Intellectual Property Rights of a third party and has not...sold...anything which is the subject of any such Intellectual Property Rights... ”.*

*(The "Company" meant All-Fill '90; Intellectual Property Rights is a defined term which includes "patents, registered designs, trade marks and service marks (whether registered or not), copyright, design right, and all similar rights, ... "; and a third party includes All-Fill Inc., which was not a party to this agreement.)”*

28. He further says that the only disclosure made in respect of this warranty was: "There will be copyright considerations in respect of drawings for construction of machines and operating manuals. The Company [All Fill UK] claims that copyright in the machine drawings belongs to it as shown in the Disclosure Letter.”

29. Mr Watts concludes his view of the 1984 and 1985 agreements as follows:

*“24. Also, as managing director of both All-Fill [UK]... since November 1993 and as Sales and Marketing Director of All-Fill UK since September 1992, had any such agreements been entered into, I am quite sure I would have known of this.*

*25. To the best of my knowledge, no formal written agreements were entered into between All-Fill '90 and All-Fill Inc prior to my joining All-Fill International in 1992. Since then, the only formal agreement entered into*

*between All-Fill Inc and either All-Fill '90 or All-Fill International '35, is the 1993 agreement..."*

30. Mr Watts submits that by 1993 All Fill UK was manufacturing and selling a comprehensive range of semi-automatic and automatic auger fillers because each application had to meet the specific requirements of each customer (as well as EU regulations) and All Fill UK employed a design team for that purpose.

31. Approximate total turnover arising from sales of auger fillers is given as follows:

1989 - £713,000  
1990 - £784,000  
1991 - £844,000  
1992 - £1,069,000

32. It is not clear whether these figures relate to UK or EU sales. Mr Watts submits that 90% of All Fill UK's sales were in Europe with the UK being the biggest single market.

33. Mr Watts says that at this time:

*26.3 The geographical market in which All-Fill UK sold and serviced its Auger Fillers included the [UK], the rest of Europe, the Middle East, the Far East, India and Africa, with All-Fill [US's] market being North America, South America, Australasia and the remainder of the Far East. This was as the result of an informal arrangement between All-Fill [UK] and All-Fill [US] to avoid each company competing with the other.*

*26.4 All-Fill Inc had no control over the activities or operations of All-Fill International and very little involvement in its activities. Despite All-Fill Inc and All-Fill International manufacturing and selling a similar range of equipment in their respective markets, I was advised by Chris Head, the former managing director of All-Fill International, that before 1993 no employee of All-Fill Inc had visited the All-Fill International factory in the UK,*

*and no employee of All-Fill International had visited the premises of All-Fill Inc in the USA.*

34. Mr Watts provides details of the 1993 agreement entered into by his business and All Fill US when he took over from Mr Head as the Managing Director of All Fill UK. In terms of division of the relevant territories, the parties do not appear to disagree.

35. Clause 4.3 of that agreement is the most relevant part for the purposes of this case. I reproduce Mr Watts' submissions on this issue in full:

*"27...Under clause 4.3, All-Fill [US] acknowledged that All-Fill International shall have and that All-Fill Limited would continue to have the right to use the name "All-Fill" both as a corporate name and in connection with the sale of this machinery and equipment after the transfer of the shares referred to in paragraph 27.1.*

*28. It should be noted that clause 4.3 of the 1993 Agreement simply acknowledged All-Fill [Limited]'s continued right to use the name "All-Fill" and All-Fill [International's] future right to use this name. Other than this clause, the 1993 Agreement contained no provisions relating to the respective rights in this name by All-Fill US, All-Fill International and All-Fill and, in particular, contained no licence provisions relating to this name.*

*29...*

*30. I note that under the Chris Head 1993 Sale Agreement, Chris Head gave warranties as noted in paragraph 23 above. These further included a warranty that "All Intellectual Property Rights used or required by the Company in connection with its business ... are vested in and beneficially owned by the Company free from and clear of any restrictions or encumbrances and (where registration is possible) the Company is registered as proprietor thereof and to the best of information, knowledge and belief of the Vendor no person has made any claim adverse to the continuing enjoyment by the Company of the benefit of such registration".*

*There was a specific disclosure relevant to that warranty, namely: "To deal with the name All-Fill - the logo has not been registered as a design."<sup>9</sup> It is clear to me that Chris Head, who had been with the company since it took on this business had the view that All-Fill '90 owned any relevant trade mark rights (in the Territory) in the name All-Fill at the time of the share sale in November 1993. Moreover, the "Purchasers" (as defined in the Chris Head 1993 Sale Agreement) paid a sum of just under £300,000 as consideration for the purchase of Chris Head's shares, representing 66.5% of the Company – so valuing the Company at significantly above its then fixed asset value. I believed, and believe it is inconceivable that the Purchasers would not have understood at that time, that the Company had substantial goodwill in the name 'All-Fill' and the full rights in the company name and trading name All-Fill in the Territory arising from the Company's use of the name up to that date."*

36. Following the completion of the 1993 agreement the shareholding of All Fill UK was divided as follows:

*"31. The shareholders of All-Fill International '35 upon completion of the sale were myself (approximately 51 % of the shares), 3i pie (approximately 24% of the shares), Odyssey Ventures Ltd, then named Beaufort Lee Limited (approximately 15% of the shares), All-Fill Inc (approximately 5% of the shares), Rob Walker (approximately 5% of the shares) and Phil Bourne (approximately 0.3% of the shares)."*

37. Mr Watts submits that between 1994 and 2004, All Fill UK generated an average of approximately £1 million per year in the UK under the names 'All Fill International' and 'All Fill'. Detailed figures are provided from April 2005 in the table below:

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<sup>9</sup> See exhibit MRW7.1

Period	Turnover in pounds sterling
April 2005 – March 2006	1,167,141
April 2006 – March 2007	1,214,918
April 2007 – March 2008	836,130
April 2008 – March 2009	1,588,344
April 2009 – March 2010	968,969
April 2010 – March 2011	1,194,589
April 2011 – March 2012	3,114,961
April 2012 – March 2013	1,404,991
April 2013 – March 2014	1,953,008
April 2014 – March 2015	1,158,754
April 2015 – June 2016	1,259,455
July 2016 – Feb 2017	694,866
March 2017 - August 2017	526,567

38. According to Mr Watts, 15% of this turnover relates to sales of spare parts and the repair and maintenance of machines in the UK. During the last ten years All Fill UK has sold between ten and twenty Auger Fillers per year ranging in price from £12,000 to £500,000.

In addition, Mr Watts submits that All Fill US has not tried to control the manner or form in which All Fill UK has used the All Fill names nor the design or quality for which the names have been used.<sup>10</sup>

39. Mr Watts describes the parties' ongoing relationship in the following terms:

*“40. All-Fill [UK] and All-Fill [US] have however enjoyed a mutually beneficial relationship since 1993, sharing technical and commercial information such as machine designs and marketing information, having reciprocal factory visits around every three to five years (mainly by the senior management of both companies) and up to 2014, sharing the costs of exhibiting at the global Interpack Exhibition which takes place every three*

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<sup>10</sup> See Watts, paragraphs 38 and 39.

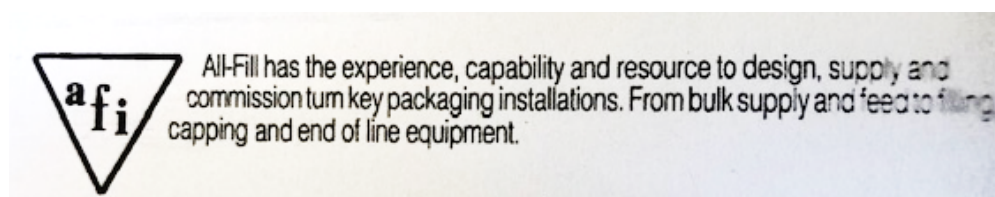
*years in Germany (with All-Fill [UK] paying 66% of the cost because around two thirds of the visitors are usually from our territory), and occasionally purchasing a few minor technical components from each other (at a cost which was normally no more than 5% of the machine price). However, this has at all times been an informal arrangement and there has been no formal written agreement with All-Fill [US] other than the 1993 Agreement.”*

40. Mr Watts says the stand at the Interpack Exhibition had only All Fill UK equipment and publicity material. The US and UK companies send a representative to the show because enquiries may be made which relate to All Fill US’s territory (territory outside the EU and the UK). All Fill US’s brochures were given out by the US representative if relevant enquiries were made of them. All Fill US does not attend any other trade shows at which All Fill UK has a presence.

41. Mr Watts submits that, as is typical in the packing industry, 90% of All Fill [UK]’s marketing expenditure has been spent on attending trade shows with the remaining 10% being spent on advertising in the trade press. All Fill [UK] has participated in every major packing machinery trade show and exhibition in the UK from 1993-2016, with the exception of one show in 2001, as there were two in that year. In terms of the amount spent, Mr Watt s submits that this is, ‘usually between £10,000 and £20,000.’

42. The signs used by All Fill [UK] since 1984 have been the name All-Fill and the logo shown above at paragraph 16.

43. Mr Watts exhibits All Fill [UK]’s ‘general brochure’ from 1993 in which he says that the name All-Fill is used by itself and with the logo.<sup>11</sup> I note that in addition, the machine on the front of the brochure has a different logo displayed on its side and this logo is repeated at the end of the brochure, as follows:



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<sup>11</sup> See MRW12

44. A copy of the front page of the All Fill UK website is provided.<sup>12</sup> It is not clear when this page was accessed or printed. The top left of the page has the triangular logo with the words ALL-FILL through the middle, as shown at paragraph 15.

45. Mr Watt's provides a copy of All Fill UK's brochure for the pharmaceutical industry which has been available from its website and distributed by the company for the last 12 years.<sup>13</sup> The first paragraph of that brochure reads:

*"The pharmaceutical industry demands the highest standards of quality as defined by design, materials, workmanship, GMP, accuracy, usability, security and reliability. Since these same qualities have been the guiding principles since All-Fill was founded in 1969, it is no coincidence that this important sector accounts for an increasingly significant proportion of All-Fill's total production."*

46. The last page of the brochure has a world map under which is a key describing the 'ALL-FILL NETWORK WORLDWIDE'. Marks are present on the map to indicate manufacturing bases around the world, countries served by All Fill UK and countries served by All Fill US. Below the map is the following:

*"With our sister company in Pennsylvania USA, All-Fill have become the leading supplier of macro-dosing systems to the pharmaceutical sector with sales and support organisations the world over. The two manufacturing operations have embraced the latest technologies and are ISO9001 accredited for design, manufacture and after-sales support. This wealth of experience and commitment to innovative engineering and quality make All-Fill the definitive source for pharmaceutical powder filling solutions."*

47. Mr Watts provides a copy of the current general brochure which has been available from its website and given out by the company for the last 15 years.<sup>14</sup> The triangular All Fill logo is shown in the top left corner, under which is the following:

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<sup>12</sup> See MRW13.

<sup>13</sup> See MRW14.

<sup>14</sup> See MRW15.



“All-Fill International Ltd.  
has harnessed over 30 years of powder  
filling technology to offer its customers the  
following benefits:”

48. The first sentence in the brochure reads, *“Since All-Fill was founded in 1969, it has established itself as one of the World’s leading designers and manufacturers of high specification auger-based filling equipment.”*

49. The last page of the brochure includes the map and key referred to above. The final paragraph reads:

*“Client needs and product specifications are often diverse and challenging, but the combined expertise of ALL-FILL International and its sister company in the USA, All-Fill Inc. provides a formidable force that has the capability to provide a solution to virtually every powder filling application – **worldwide.**”*

50. Mr Watts provides copies of the All Fill UK entry in PPMA Machinery Directory for 2013/14, 2016/17 and a similar entry in the 2017 Packaging Yearbook.<sup>15</sup> The UK address in Bedfordshire is given along with a list of countries in which All Fill UK provides machinery. A variation of the triangular logo is used in which the triangle is black and the ALL-FILL part through the centre is shown in white, outlined in black.

51. The entry in the Packaging Yearbook includes, *“...With over 40 years experience, All-Fill are one of the largest producers of auger-based filling equipment in the World.”* The UK address is shown below the entry.

52. Mr Watts provides photographs of plates affixed to machinery for May 1998 and April 2011.<sup>16</sup> These are reproduced below:

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<sup>15</sup> See MRW16.

<sup>16</sup> See MRW17.



53. Photographs are provided of the All-Fill trade stand used at trade shows by All Fill UK since 2007.<sup>17</sup> The triangular logo can be seen many times on the walls of the trade stand.

54. Mr Watts provides copies of an invoice from 14 April 2000, another dated 3 December 2008 and a blank invoice which he submits is All Fill UK's current invoice template, which has been used since 1984.<sup>18</sup> The following appears in the top left corner of each invoice:



55. Mr Watts describes the events since 2016 in the following terms:

*“42. In April 2016, All-Fill [US] expressed an interest in acquiring the All-Fill International business. From that time, I entered into discussions with Ryan*

<sup>17</sup> See MRW 18.

<sup>18</sup> See MRW19.

*Edginton relating to the purchase of the entire issued share capital of All-Fill [UK] or the business and assets of All-Fill [UK] by All-Fill [US]. However, on 14 July 2016, Mr Edginton emailed me to inform me as follows, "In the light of the British decision to withdraw from the European Union we have found it very difficult to determine the value of your business considering your export sales into the EU and Africa. Mike, we do not feel comfortable proceeding at this time. Therefore, we must withdraw the proposed letter of intent that you hold in your possession.*

*43. In January 2017, I was approached by FPE Global Limited, a UK manufacturer of powder processing equipment regarding their interest in acquiring All-Fill International. On 6 February 2017, I emailed Mr Edginton to inform him of the proposed sale."*

56. Mr Watts says that he made no mention of use of the All-Fill name in his initial email dated 6 February 2017 to All Fill US about the proposed sale of the UK business to a third party. In his response, dated 6 February 2017, Mr Edginton asked whether the new buyer would market the company as All-Fill, their own name or a new name.<sup>19</sup>

57. Mr Watts responded on 6 February 2017 that *"The All-Fill brand we have built up is absolutely fundamental and is where most of the value lies"*.

58. He explains in his statement that:

*"...By 'we' I meant All-Fill [UK], which had developed substantial goodwill in the name 'All-Fill' in our Territory since 1984."*<sup>20</sup>

59. Mr Edginton responded on 7 February 2017:<sup>21</sup>

*"I am very concerned that you selling to a third party buyer will harm our*

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<sup>19</sup> See MRW8.1.

<sup>20</sup> As above

<sup>21</sup> As above

*reputation. I must point out that the licensing agreements between our companies from 1984, 1985 and 1993 state that All-Fill Inc. grants All-Fill Ltd. the exclusive license to manufacture, assemble, use, sell lease or service licensed equipment. All-Fill Inc. reserves the right to terminate the licensing agreement, if we find that the potential sale of your company could cause harm to our business. I am prepared to potentially take steps to terminate the licensing agreement...”*

60. Mr Watts submits that he was extremely surprised by Mr Edginton’s reference to ‘licensing agreements’:

*“44... I was not aware of any agreements from 1984 and 1985 and the only formal agreement with All-Fill Inc I knew about was the 1993 Agreement, which I did not consider to be a licensing agreement. Nor is there any basis for termination of the 1993 Agreement, which is an agreement for the sale and purchase of shares.”*

61. Mr Watts sent an email to Mr Edginton on 10 February 2017 in which he requested a copy of the section of the 1993 Agreement which Mr Edginton’s lawyers believed entitled All-Fill US to reclaim the name "All-Fill" in the event of any dispute.<sup>22</sup>

62. Mr Edginton responded by email on the same day:

*"I was not referring to the 1993 agreement, rather the 1984 and 1985 agreement which the 1993 agreement is based on. The 1984 and 1985 agreements were good for 5 initial years and then clearly state that they continue to renew year after year unless AFI Inc. breaks the agreement. The 1984 and 1985 agreements are clearly written and something that your team needs to look at."<sup>23</sup>*

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<sup>22</sup> See MRW8.2.

<sup>23</sup> As above.

63. Copies of those agreements were attached to the email sent by Mr Edginton.<sup>24</sup> Mr Watts submits that this was the first time he had seen these documents but notes that these agreements were never signed or entered into by All-Fill UK and that neither document contains provisions relating to the "All-Fill" name and its use.

64. Following a further email exchange in which Mr Edginton proposed new licensing terms, Mr Watts responded reiterating that All-Fill [UK] did not have a licensing agreement, and explaining that he was expecting *"a simple two way Agreement which better defined the basis on which we have worked for the past 24 years with respect to our two geographical markets"* and that All-Fill [UK] would never wish to enter into any form of licensing agreement.<sup>25</sup>

65. Mr Edginton responded on the same day stating that he was very concerned about protecting 'our name' confirming that in his view All Fill US is the owner of the trade mark All-Fill in the UK and EU.

66. He further submitted:

*"My email clearly offers you two options, a) All Fill UK changes its name prior to or upon completion of the sale of the UK business (and no longer uses the All-Fill name or registered trademarks in any way going forward); or b) All Fill UK and All-Fill US agree to updated license terms, based on the attached Heads of Terms (as summarized below), prior to completion of the sale of the UK business.*

*Just as you indicate you would never wish to enter modern day licensing agreement, we would never wish to work with a new international partner for which we have no shareholding or financial connection while using our good name."*<sup>26</sup>

67. Mr Edginton then followed up with a further email on 21 February 2017:

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<sup>24</sup> See MRW5 and MRW6.

<sup>25</sup> Both emails are reproduced at MRW8.3.

<sup>26</sup> See MRW8.3.

*"After all of these years we have had an agreement, an agreement that both companies have clearly understood. I see how it will be very difficult for you to understand and even difficult for you to propose a compromised solution as you most likely view the UK business as entirely your own (including the name). However, we do not share those same thoughts, in fact we have the registered trademark to protect the use of the name All-Fill in UK and EU."*<sup>27</sup>

68. All Fill UK provides a further three witness statements from Adrian Shenton, who works for a company which supplies bagging machines and is sometimes a supplier for All Fill UK (having been aware of the company for 14 years); Mark Berry, who is the Operations Manager at a company who is a customer of All Fill UK (and has been aware of the company for 9 years) and Mark Duncan, who is the Head of Operations at a company which is a customer of All Fill UK (and has been aware of the company for 5 years).

69. All three witness statements include a paragraph which states that the witness in each case uses All-Fill to refer to All Fill UK and its machines.

### **All Fill US evidence**

#### Witness statement of Ryan Edginton with exhibits REX1-REX14

70. Mr Edginton is the CEO of All Fill US and has held that position since 1 January 2014. He has worked for the company since 2005.

71. The first part of Mr Edginton's statement concerns sales of machines by All Fill US into the UK, prior to 1984.

*8. Our records for those early years are (not surprisingly perhaps) probably not complete but I have found traces of quite a few transactions. The earliest document I have found was for a sale in December 1975 to Schering (formerly Fisons Ltd.). The machine was a multi-fill auger filler*

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<sup>27</sup> See MRW8.3.

serial #70-116. Prodo Pak was my grandfather's first customer from 1969 (an OEM) and, although based in the US, this machine was sold on to Fisons Ltd., Hauxton, Cambridge, England CB2 5HU (see Exhibit REX1). There were machines sold into UK virtually every year after 1975. Since 1979 we made sales into the UK through our agents, representatives and OEMs, Hamilton Machinery Sales Ltd (based in the UK), JR Nalbach Engineering (an OEM) and Prodo Pak (each based in the US but reselling All Fill branded machinery to customers in the UK). The main contacts at Hamilton were Hans Timmer and Chris Head. Chris Head would later become the original managing director of All Fill UK. Our clients included for example, Intermarket Machine (our sales representative), Copydex (an end customer), JR Nalbach Engineering (KLIX), InterPack (Chiltern Trading).

72. Mr Edginton says that UK turnover between 1975 and 1984 for sales of its goods in the UK amount to \$362,372.53. He provides a 'partial list of sales to UK customers by All Fill US between 15 December 1975 and 4 December 1996, which shows sales totalling \$504,073.78.'<sup>28</sup>

73. He provides the following invoices and special orders showing sales to the UK between 26 March 1979 and 21 February 1983:

Customer	Date	Goods	Cost
<b><u>Invoices</u></b>			
Hamilton Machinery	26.03.79	Hopper coupling Alignment fixture Wing auger Straight funnel Total	\$507.50
Hamilton Machinery	14.06.79	Semi-Automatic filling machine and accessories/parts	\$9283.83

<sup>28</sup> See REX2.

Hamilton Machinery	26.04.79	Reliance electric vari-speed motor	\$1,155.00
Hamilton Machinery	19.06.79	H.P. D.C. Reliance motor	\$385.00
<b><u>Special order forms</u></b>			
Hamilton Machinery	Not dated	Stainless steel liquid filling accessories Diaphragm cut-off for filling water thin liquids Set of free flow filling accessories Total	\$2386.25
Hamilton Machinery	14.12.78	Set of stainless steel liquid filling accessories Self-feeding auger Lip funnel Wiring changes	\$632.50 \$316.25 \$230.00 \$1121.25
Fisons Ltd	09.01.79	FICAM 80W, 20W	\$43,467
Fisons Ltd	06.02.81	Weighcell, Set-up & Damped cell	\$1625.00
Fisons Ltd	20.02.81	Weighcell with Set-up instructions and AFI	\$1625.00
FBC Ltd	21.02.83	Deviation meter	\$300.00

74. Mr Edginton submits that prior to 1984, All Fill US provided follow up services such as replacing parts and servicing machinery for its UK customers. Five service reports are provided, dated from 22 May 1981 to 8 May 1987, which show All Fill US providing advice on, inter alia, weigh cell set-up, wiring checks and calibration for a range of machines.<sup>29</sup>

75. He says the company has used a number of different logos since 1969 but has always 'made prominent use of the name All Fill'.

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<sup>29</sup> See exhibit REX3.



76. In respect of All Fill US's advertising strategy, Mr Edginton says that it advertised in the UK and draws my attention to a trade show called Pack-Ex which took place in Birmingham in 1980. Mr Edginton submits that attendance at trade shows is still the primary way in which All Fill attracts its business.

77. The following photograph of the event is provided:<sup>30</sup>

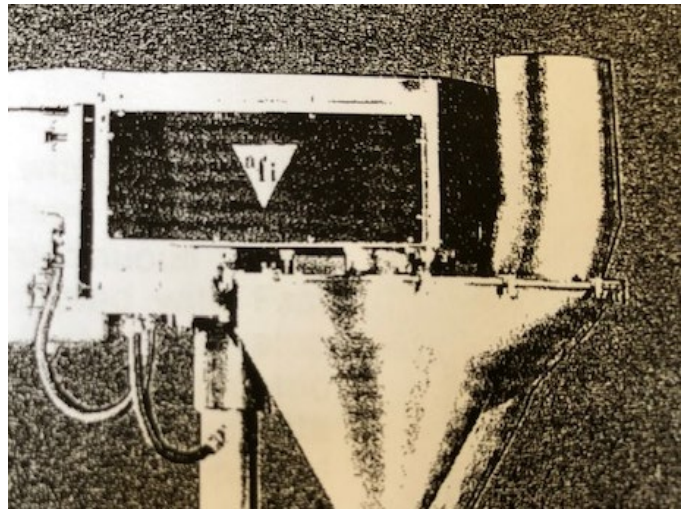
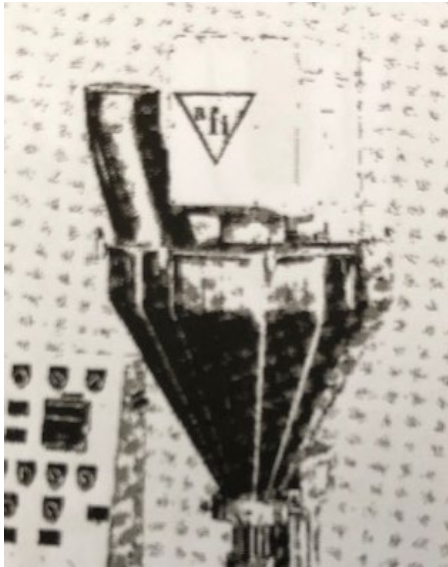


78. The two machines on show are provided by All Fill Inc. (All Fill US), which can be seen on the information board on the wall behind the machines (in the original photograph).

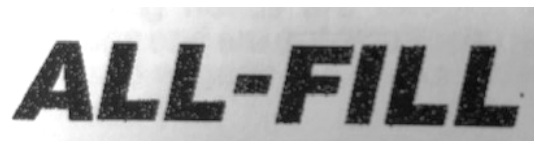
79. Mr Edginton provides marketing material from 'around 1984' which shows an inverted triangular logo with the letters 'afi' within it. This is applied to all machinery shown in two different brochures, which are not dated:

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<sup>30</sup> See exhibit REX4.



80. The same triangular logo is used above the words ALL-FILL INC. and in the following two forms:



81. Mr Ryan Edginton was not involved in All Fill US at the time of the formation of the joint venture partnership, which was first considered in 1983, but he provides a number of documents in support of the evidence filed by Richard Edginton and Mr Head who were involved from the outset.

82. He provides copies of the two unsigned licence agreements referred to by Mr Head which formed the basis of the joint venture relationship between All Fill US and All Fill UK. I note that neither agreement expressly refers to trade marks or the names of the companies.

83. Mr Ryan Edginton says that whilst this may sound surprising, the parties trusted each other and did not then see the need for additional written agreements. He describes the relationship in the following terms:

*“16. The collaborative and close nature of the relationship was reflected in the personnel of the joint venture, which included employees of All Fill US who were given management roles such as Charlie Sauerbrey and John Williamson who were management representatives to All Fill UK on behalf of All Fill US. All Fill US representatives also visited the new UK premises in 1989... It was also reflected in our willingness not to take any licence fee, royalty or dividend from the new JV company in those early years - nothing was paid until we started to take a dividend in 1997.”*

84. A telex is exhibited which is dated 31 July 1984 following the agreement to set up the joint venture company.<sup>31</sup> It is from Charles Sauerbrey, one of the US management representatives to the UK, to Chris Head and outlines the agreed investment into the company. It concludes:

*“Chris, I am most excited with our joint venture and prospects for significant business opportunities in the future. I know I will enjoy working with you, Mike and the rest of our All Fill International team.”*

85. Mr Edginton provides an advertisement for All Fill UK relating to its attendance at a packing exhibition in Wembley on 6-8 November 1984. The opening paragraph reads:

*“If you use packaging machinery – YOU must read this!*

*America’s leading manufacturer, now producing here in the UK, will offer you the best equipment available as a complete line or part of a line...Please come and visit us at our factory or meet us at the Packaging Index Show – Wembley – November 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>.”*

86. It is signed by the three directors of All Fill UK at that time.<sup>32</sup>

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<sup>31</sup> See exhibit REX6.

<sup>32</sup> See exhibit REX6.

87. Mr Edginton also provides a joint marketing brochure which he states is from 1988.<sup>33</sup> The first page features the following:



88. The address directly below the All-Fill sign is that of All Fill US.

89. Mr Edginton provides a copy of All Fill UK's draft accounts for 1985, the first year of the joint venture between the US and UK companies.<sup>34</sup> The second page of that document states:

*"The present machines are manufactured under agreement from the U.S.A."*

90. He also submits that as far back as he can see, All Fill UK has emphasised its relationship with All Fill US, particularly the heritage of All Fill going back to 1969. He provides the following extract from the UK website which was shown under the heading 'About All Fill' in August 2002:<sup>35</sup>

*"The ALLFILL Group manufactures from modern facilities in Sandy, just north of London, and from Pennsylvania in the United States. From these two locations through a network of overseas agents, the ALLFILL name and*

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<sup>33</sup> See exhibit REX6.

<sup>34</sup> See exhibit REX8.

<sup>35</sup> See exhibit REX 10.

*reputation for quality, reliability and service has penetrated all corners of the globe.*

*. . . Backed by 30 years of experience and with an installed base of several thousand machines, ALLFILL are able to provide the ideal solution for all types of powders and granules, even pastes and creams. The equipment is metric, fully European compliant, CE marked and ALLFILL is ISO9001 accredited for design, manufacture and after-sales support."*

91. Mr Edginton submits that the difference between the older website pages and those currently on the UK website is that the link to All Fill US has been removed. However, as recently as January 2018 the All Fill UK website has included the following:<sup>36</sup>

*"Auger-filling equipment has been a speciality for All-Fill since being founded in 1969."*

92. Mr Edginton states that All Fill US has made many service visits to customers of All Fill UK in the UK and that servicing for machines sold in the UK by All Fill US also continued for many years after the sales were made. He has provided what are described as invoices 'which include details of service visits', but I cannot identify which documents Mr Edginton is referring to, as none of the material fits this description.

93. With regard to the ongoing support provided by All Fill US, Mr Edginton submits:

*"26. The collaborative relationship extended to our provision of designs, software, know-how and all manner of support by All Fill US to All Fill UK, which All Fill UK relied on for the operation of its business and in servicing its clients...I can see that we provided various items of software to All Fill UK as late as in December 2014. Indeed, our in-house programming team has done a great deal of work for All Fill UK, producing a software*

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<sup>36</sup> As above.

*development code that All Fill UK would use to load in to their PLC (program logic controller) to enable their machine to work a certain way.”<sup>37</sup>*

94. In addition, he refers to the All Fill US’s sales directly into the UK as follows:

*“27. Furthermore, despite setting up the joint venture, All Fill US continued to sell machinery to UK customers, mainly through multinational customer relationships and OEMs that I have already referred to. We supplied customers directly in cases where multinational companies (for example, Procter & Gamble, which had been a longstanding customer of All Fill US, including prior to 1984) were using our products as standard and wished to use them throughout the world. We also supplied customers indirectly via sales to OEM manufacturers who had standardized on our products and wished to use them throughout the world.”*

Witness statement of Chris Head with exhibits CDH1-CDH7

95. Mr Head was the managing director of All Fill UK from 1984 until his resignation on 24 November 1993.

96. Mr Head worked for Hamilton Machinery from August 1977 where he was responsible for the sale of US packing machinery. In September of that year Mr Head was sent to the US to be trained and met the founding team at All Fill US.

97. Mr Head left Hamilton’s in 1982. He submits:

*“7...At that time All Fill US was contracted to Hamilton Machinery Sales, so that brought an end to my first relationship with All Fill US, which was moderately successful for us all.”*

98. Mr Head further submits that following the collapse of a large auger manufacturer in Europe, he:

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<sup>37</sup> Mr Ha Dinh provides detailed evidence concerning technical support, which is summarised later in this decision.

*“8...saw an opportunity to make the machines in the UK for the European market, which involved metrification of all of the sizes and hardware plus fitting European sourced motors and I contacted John Williamson at All Fill US with a proposal.”*

99. Mr Head describes the establishment of All Fill UK in the following terms:

*“9. As a result, All Fill UK was established in 1984 as a joint venture company by and between All Fill US, myself and Mr Mike A.J. Leroy, each initially holding 30% of the issued share capital of All Fill UK, with 10% reserved for third party investors.*

*10. All Fill UK was established initially and primarily to manufacture semi-automatic and smaller automatic powder filling equipment under licence from All Fill US for the UK, European and African markets...*

*11. All Fill UK was also set up to act as sole agent to the United Kingdom and the Irish Republic for the larger and more sophisticated filler machines manufactured by All Fill US... “*

100. Mr Head provides a copy of All Fill UK's Joint Venture Presentation dated August 1984 which was aimed at prospective investors. Page 2 of that document confirms the arrangement referred to above.<sup>38</sup>

101. Mr Head describes the aim of the joint venture as follows:

*“12. The aim of the joint venture business of All Fill UK was to strengthen and enhance the already well known and developed international market share and reputation of All Fill US and to form a strong European manufacturing company, based in the United Kingdom. As shown in exhibit CDH1 (page 10), from All Fill US's perspective, the formation of All Fill UK*

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<sup>38</sup> See exhibit CDH1, page 2.

*was to enable All Fill US to take full advantage of the established commercial ties between the United Kingdom and All Fill US's other export markets, whilst allowing the joint venture company, All Fill UK, to utilise the already well known All Fill name and trade mark.*

*13. Everyone involved in the joint venture knew and accepted that All Fill US owned and would continue to own the name 'All Fill' and all intellectual property rights attaching to, and associated with, the name. It was accepted that All Fill UK would benefit from the prior goodwill established by All Fill US in the United Kingdom, Europe and elsewhere, but there was absolutely no suggestion that All Fill UK would own any rights to the All Fill name or any intellectual property associated with the name."*

102. Page 10 of the Joint Venture Presentation referred to by Mr Head is titled, 'Market Scenario', the relevant section of the final paragraph of which reads:

*"...The formation of All Fill [UK] will enable [All Fill US] to take fullest advantage of the established commercial ties between the UK and its traditional export markets whilst allowing the new Company to utilize the already known All-Fill trade mark."*

103. With regard to the licence arrangements between the two companies, Mr Head submits:

*"15. Prior to and from the establishment of the All Fill UK joint venture, the relationship with All Fill US was one of trust and mutual respect. For this reason there was not seen to be any reason to document the informal, oral licence of the name 'All Fill' by All Fill US to All Fill UK. Everyone involved in the joint venture knew that All Fill UK was benefitting from the prior goodwill All Fill US had generated in the All Fill name, globally, and this was seen as a gratuitous contribution to the All Fill joint venture by Richard Edginton of All Fill US, for which the other joint venture partners were grateful."*



104. Mr Head submits that in addition to the name 'All Fill', the US company shared its know-how and technical expertise with the UK company, "with a view to the development of machinery and the business of All Fill UK".<sup>39</sup>

105. He confirms that the terms of the licence agreement in relation to know-how and technical expertise were set out in two agreements, dated 1984 and 1985. These have not been provided by Mr Head, but a copy of a shareholder's agreement dated 1984<sup>40</sup> is included in Mr Head's evidence. Mr Head submits that he is unsure if any of these agreements were signed, "*because we operated the joint venture on the basis of a 'gentleman's agreement' between myself and the Edginton family.*"

106. The shareholder's agreement refers, primarily, to the disposal of shares and I do not intend to detail its content here.

107. In support of the position that the parties operated under a gentleman's agreement, Mr Head provides a document from All Fill UK's auditors, Watts Knowles & Company, dated 7 February 1990.<sup>41</sup> In a chain of correspondence the auditors of All Fill US and All Fill UK attempt to identify the exact nature of a payment from the US company to the UK company. The fine points of that correspondence are not relevant to these proceedings, but I note that the last substantive paragraph of the letter referred to above, includes the following:

*"These agreements were discussed when of course Charlie Sauerbrey was the representative of All-Fill Inc. and to the best of my knowledge neither agreement was signed and the Companies continued trading on the basis of a gentleman's agreement..."*

108. Mr Head describes the relationship between the two companies as follows:

*"18. In addition to the sharing of know-how and technical expertise by All Fill US with All Fill UK, members of senior management of All Fill US.*

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<sup>39</sup> See Mr Head's witness statement, paragraph 16.

<sup>40</sup> Mr Head also refers to a shareholder's agreement dated 1985, but this is not included in his evidence.

<sup>41</sup> See exhibit CDH6.

*including but not limited to Richard Edginton, John Williamson and Charlie Sauerbrey, visited the United Kingdom often to participate in the management of All Fill UK, and to share technical and other expertise with All Fill UK management. Representatives from both companies also regularly attended trade shows together in the UK and across Europe, and shared the costs of the shows, whilst demonstrating to existing and future clients that the US and UK companies were connected or sister companies.”*

109. Mr Head further submits that licence fees and dividends were waived by All Fill US from 1984 until 24 November 1993 in order to promote the development of All Fill UK, which did not generate significant profits at this time.

110. He concludes his evidence in relation to this particular period by submitting that all directors, officers and shareholders of All Fill UK were,

*“...aware, from the establishment of All Fill UK in 1984, that All Fill US held beneficial ownership to the ‘All Fill’ name and that the name had only ever been licenced to All Fill UK, for the benefit of, and for the development of sales by, All Fill UK in the United Kingdom and across Europe.”<sup>42</sup>*

111. In 1992 Michael Rowland Watts became the Sales and Marketing Director of All Fill UK. Mr Head submits that between that time and the change of leadership at All Fill UK in 1993, Mr Watts was intimately involved in the business and he believes that, like all the other officers of the company, Mr Watts knew that the UK company used the All Fill name with the consent of the US company, as its licensee.

112. In 1993, having already informed All Fill US of his intention to leave the company, Mr Head sold his 7500 ordinary shares to a company owned by Mr Watts. Mr Head resigned his position as Managing Director of All Fill UK but stayed involved as a consultant for the next three years.

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<sup>42</sup> See Mr Head’s witness statement, paragraph 19.

113. Mr Head entered into, among other things, a sales/purchase agreement (SPA) with M&R 574 (Mr Watts' company).

114. The SPA itself is not in evidence. Mr Head submits:

*“24. Warranty 12.1 on page 44 of the SPA states:*

*“Complete particulars of all Intellectual Property Rights of which the Company is, or has applied to be, registered as proprietor are listed in the Disclosure Letter.” The ‘Company’ was All Fill UK.”*

115. Mr Head concludes:

*“No such particulars were listed in the Disclosure Letter,<sup>43</sup> including in relation to the name ‘All Fill’, and I believe that this was because there were no proprietary intellectual rights in the name or the trade mark owned by All Fill UK.”*

116. Mr Head provides a copy of a document which contains enquiries regarding the sale. It is titled, ‘ACQUISITION OF ALL-FILL [UK], VENDORS’ REPLIES TO PRELIMINARY ENQUIRIES – 18 OCTOBER 1993.’<sup>44</sup> Enquiry 4.7 on page 10 of that document reads:

*“Details of beneficial ownership or other rights to use the name All-Fill International Limited (**referred to as All Fill UK throughout this decision**)<sup>45</sup>(whether in relation to the company or otherwise).”*

117. The reply document was signed on 18 October 1993 and in answer to the request at 4.7 the reply is as follows:

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<sup>43</sup> See exhibit CDH2

<sup>44</sup> See exhibit CDH3

<sup>45</sup>Text in bold is my addition for the sake of clarity.

*“As you will know, All-Fill Inc [US] have approved the use in the UK by the Company of the words ‘All-Fill’. There is absolutely nothing in writing.”*

118. Mr Head confirms that ‘the Company’ means All Fill UK and by ‘you’ he was referring to Mr Watts. At paragraph 23 of his statement Mr Head submits that in dealing with documents in relation to this acquisition, he took account of the fact that the purchasing company was wholly owned by Mr Watts, “who was well aware of all of the background facts about the company’s business”.

119. Query 4.9 in the same enquiry document requested, ‘Details of licencing or franchising arrangements in relation to the name All-Fill International Limited (whether or not in writing).

120. The reply at 4.9 of the vendors’ reply document reads:

*“Again, there is nothing in writing. Mr Watts will know the extent to which the name ‘All-Fill’ is used”.*

121. Clause 4.3 of the final agreement for the sale of 5000 shares in All Fill UK by All Fill US to Mr Watts’ company, which is dated 24 November 1993, reads:

*“The Transferor [All Fill US] acknowledges that the Transferee [M&R 574 Limited] shall have and that All-Fill International Limited **shall continue to have the right to use the name ‘All-Fill’** both as a corporate name and in connection with the sale of the Products following Completion.”* (emphasis added by Mr Head).

122. Mr Head submits that this *“reflects the long established and well-known position in relation to the licence of the “All Fill” name by All Fill US to All Fill UK and confirms that such licence shall ‘continue’ in force following the date of the sale of the All Fill UK shares.”*

123. Mr Head concludes his witness statement with the following assessment of his view of the relationship between All Fill UK and All Fill US:

*“33. The agreement referred to [between All Fill UK and Mr Watt’s company] also provided for All Fill UK to have exclusive rights to sell its products into certain territories (including the United Kingdom and across Europe). Despite this, I am aware of many occasions when All Fill US machines were supplied to customers in the United Kingdom and in other European countries, and many occasions when All Fill UK products were supplied to customers in the United States or in other territories allocated to All Fill US under the 1993 agreement...*

*34. There was at all times a collaborative relationship between All Fill US and All Fill UK but there is no doubt in my mind that All Fill US owns and always has owned the rights to the All Fill name. A licence of the name was granted to All Fill UK in 1984 and in my view this remained in place pursuant to clause 4 .3 of the agreement referred to...above.”<sup>46</sup>*

Witness statement of Richard Edginton with exhibits RE1-RE4

124. Mr Edginton was the President of All Fill US from its incorporation in 1969 until his retirement in 1995.

125. He describes the beginning of the company as follows:

*“3. I wanted to go into business for myself and I named the company All-Fill because I wanted to handle every type of filling application required in the marketplace at that time. I also called it All-Fill because it started with an ‘A’ and, as a result, it was listed first in almost every telephone book and directory...*

*6. From 1969 to 1984, All Fill US expanded its business globally, developing sales and a market-leading reputation internationally, including in the United States, the United Kingdom and across Europe (among other countries around the world)...*

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<sup>46</sup> Reproduced at paragraph x of this decision.

7. *Global turnover of All Fill US for the years 1969 to 1984, when the All Fill UK joint venture was established were \$31,510,040.<sup>47</sup>*

Witness statement of John Williamson with exhibit JW1

126. Mr Williamson was employed by All Fill US from 1973 until his retirement in 1998. For much of that time he was responsible for international markets and handled all of All Fill US's accounts outside the USA.

127. Mr Williamson was involved in establishing the joint venture company All Fill UK, primarily with Mr Head. He describes the relationship between the two companies as follows:

*"4...In the early days of the All Fill UK business, we had to work hard to ensure we adhered to the metric system which was a different system to that used in the US. All Fill US ensured that all the parts needed for the auger fillers to operate were supplied with the appropriate conversions so that All Fill UK was able to carry out day to day business smoothly although they always relied upon All Fill US for parts to some extent.*

*5. All Fill US, as a 30% shareholder in All Fill UK contributed inventory, know-how, technical expertise, client contacts and relationships and the licence of the "All Fill brand to get the All Fill UK business up and running. Christopher David Head and Mike Leroy were well aware of the arrangement for the licence of the "All Fill" name as there had been discussions around this and it would benefit All Fill UK to use the All Fill name as it already had an established reputation.*

*6. I remember visiting the All Fill UK offices many times from the mid 1980s to the mid 1990s and attending a number of trade shows namely Interpack in Germany (every three years) and Pack-Ex in the UK (every two years) with All Fill UK management. I recall working with Mike Leroy from All Fill*

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<sup>47</sup> See exhibit RE4

*UK but most of my dealings were with Christopher David Head until 1993 and thereafter, with Michael Rowland Watts. From November 1993, I recall that there was a sale of shares in the company but nothing changed in respect of the running of the company and the way we worked with All Fill UK.”*

128. With regard to Mr Watts’ statement that All Fill US did not have involvement in All Fill UK during his own time at the UK company, Mr Williamson submits:

*“7...This is not my understanding of the operations of All Fill UK. On the contrary, All Fill US was involved in the management and operations of All Fill UK.”*

129. Mr Williamson provides an example of the nature of the relationship between the two All Fill companies.<sup>48</sup> On 6 May 1998, Mr Watts of All Fill UK contacted All Fill US for advice and possible assistance regarding a personnel matter. A key employee had been offered a job at a competitor company at a higher salary. All Fill UK wanted to offer the employee a 3% share option to retain him but was unable to offer any of its own shares without losing a controlling interest in All Fill UK. Mr Williamson states that *“...rather than All Fill US agreeing to dilute its shareholding, it was agreed that All Fill UK would increase its share capital.”* Documents are provided which show that All Fill US discussed the solution and provided the necessary documentation to All Fill UK, including a proxy form signed by Mr Williamson and dated 2 July 1998, which allowed All Fill UK to vote on All Fill US’s behalf at the necessary AGM.

130. Mr Williamson concludes:

*“8. In my view, given the collaborative relationship between All Fill UK and All Fill US and the fact All Fill US paid towards marketing costs of All Fill UK, such as for trade shows, I find it astonishing for the directors of All Fill UK to claim that All Fill US were not involved in the business of the company and to claim that the All Fill name, trade marks or logos are their own.”*

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<sup>48</sup> See exhibit JW1

Witness statement of Ha Dinh and exhibit HD1

131. Mr Ha Dinh is the Vice President of Engineering for All Fill US, a position he has held since 1991. His previous role, from 1987 was as Research and Development Manager at All Fill US and prior to this, Mr Ha Dinh had worked on All Fill US operating systems while employed by another undertaking.

132. In 1985 Mr Ha Dinh was assigned the task of developing a new control system for All Fill US:

*“7...I designed, tested, built a new controller. This new controller was first used in the B-300 auger filler which was Introduced to the market at the 1986 PMMI show in New York City. The new control was named Cerebus II. With its flexibly in I/O hardware software development, the Cerebus II was able to be used exclusively for most of the auger filling and weighing applications produced in 1987. As All Fill US began to manufacture more complex machinery and needed additional systems control and expanded features, the Cerebus III control system was developed and introduced in 1994 to meet the new challenging demands of the auger filling and weighing applications. This Cerebus III was used exclusively for All Fill US and All Fill UK until around 2000 when we started phasing it out. During these years, all software applications developed and used successfully by All Fill US was also provided free of charge to All Fill UK or, if it needed to have some modification to meet the requirements of All Fill UK, All Fill US would only charge All Fill UK the cost price for modification, if at all.”*

133. Mr Ha Dinh submits that the first Cerebus control systems were sent to All Fill UK in early 1990 and this continued until 1996 when the operating system changed. In early 1995 Mr Dinh and other members of All Fill US visited the UK:

*“9...I remember we discussed the Cerebus III machine control system and I spent considerable time discussing this with Mr Watts, explaining the control system capabilities and functions. We also discussed different control system options [f]or future growth of All Fill UK. Mr Watts and I*



*decided at that time it may be best if All Fill US provided the control solution for All Fill UK, using Cerebus III for most of their filling applications. This idea seemed to make sense because All Fill UK would benefit from using the software and hardware already developed for auger filing application by All Fill US. It was agreed that this would save All Fill UK time and money to develop or to use different control systems for their filling operation controls.”*

134. Mr Dinh explains that in around the summer of 1996 All Fill US started to provide Cerebus controllers and related I/O boards, software for applications, and support for All Fill UK's service (mostly to All Fill UK's service engineer, Alan Abrams) in the field as needed by them. He says that he and his brother, Tom Dinh, treated all the filling applications from All Fill UK as their own and did the best they could to apply their machine control knowledge to the applications used by All Fill UK.

135. With regard to training, Mr Dinh submits that Alan Abrams and, on another occasion, a newly hired electrical engineer came to All Fill US from the UK for training on the Cerebus control systems. The second of these visits took place in the summer of 1997. No date is provided for the first. Mr Dinh describes All Fill US's ongoing support as follows:

*“10...Due to his main job as the service engineer, Alan was so busy with his service works, he did not have time to take care of all the issues related to Cerebus III controls, so Tom had to spend time to help Alan whenever needed. Alan would call Tom at least once a week to discuss his control related questions.”*

136. Mr Dinh submits that he visited Mr Watts in the UK on at least three occasions to discuss and share their knowledge of filling applications. Mr Dinh sent Mr Watts drawings or information he needed for filling applications and they attended Interpak shows together every three years (except 2017).

137. In the year 2000 All Fill US began replacing its Cerebus systems with a programme logic control (PLC) system. It continued to support Cerebus but used the

new system for new machines and customers. Mr Dinh submits that All Fill UK also switched to PLC in the early 2000s. However:

*“All Fill US still supports the Cerebus III control system applications in use by All Fill UK’s customer base.*

*All Fill US no longer supports the Cereus II or III control systems for its own customers. I believe our support for these “relics” for our own customers stopped around 2006 but we would provide the PLC replacement system for Cerebus II or III, if requested.”<sup>49</sup>*

138. Mr Dinh also draws my attention to a visit made by All Fill US to All Fill UK in March 2016:

*“13. Tom Dinh also visited All Fill UK with me, Ryan Edginton (President and CEO), Dave Kendall (Mechanical Engineering Manager) and Joe Brennecke (Assembly Lead/Shop Manager) in March 2016 to share the knowledge of running the company operation and to improve the machine delivery times. Mr Watts also visited All Fill US a few months later with the same intention to learn from each other.”*

139. He concludes:

*“17. Over the years since 1984 (including after the partial sale of shares to a company controlled by Mr Watts in 1993), All Fill US was always willing to provide our expertise in machinery design, software and other proprietary technology if needed by All Fill UK, including licencing our copyright in the related software. This helped All Fill UK to provide and promote many of the standard and special features that were needed to handle the applications for the machines that they sold.*

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<sup>49</sup> Paragraphs 15 and 16 of Mr Dinh’s witness statement.

*18. Whenever All Fill UK had a new application, Alan Abrams of All Fill UK would either fax or call me or Tom Dinh to describe the application and we would arrange whatever systems or software support they needed.”*

140. Mr Dinh provides a list of work carried out for All Fill UK by All Fill US.<sup>50</sup> The list begins on 1 August 1996 with a management software fix and ends on 20 February 2002 with a job titled, ‘Modified software to print single weight out’. The total value for all of the work carried out is shown as \$33,060.00. Mr Dinh explains the way in which All Fill US charged All Fill UK, in the following terms:

*“19...As was the case with other services and licences made available to All Fill UK, I always ensured that All Fill US charged All Fill UK a discounted rate (our cost) and sometimes nothing at all. We would not charge for the software if we already had the same application or a minimum if we had to do some modifications. Please note that we would sell this software to our customers for \$1,000 for a basic application and up to \$20,000 for application with dual head fillers and scales. I always treated AFI UK as our sister company.”*

Witness statement of William (Bill) F. Egan

141. Mr Egan is the Chief Financial Officer of All Fill US and has held that position since September 1999. It is clear from his statement that he has been involved in the industry since at least 1976. Mr Egan’s witness statement is given to confirm his understanding of the relationship between All Fill US and All Fill UK which he expresses in the following terms:

*“5...All Fill US owned the rights to the name All Fill in the UK and in all other markets in which it or All Fill UK make sales, and that All Fill UK used the name from 1984 onwards with the consent of All Fill US and as its licensee.”*

Witness statement of Frank Mueller

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<sup>50</sup> See exhibit HD1.

142. Mr Mueller is the owner and founder of mueller/consulting and trading. In 2002 Mr Mueller met Glenn and Ryan Edginton at PackExpo in Chicago where he asked to represent All Fill US in Germany. He continues:

*“8...At that time, I learned that the grandfather of Ryan Edginton and father of Glenn Edginton, Richard (or Dick) Edginton, had founded a joint venture business in the United Kingdom in or around 1984, known as All Fill International Limited ("All Fill UK") and that the markets and customers of each of All Fill US and All Fill UK had been shared and allocated as sister companies would normally do.”*

143. Mr Mueller concludes his statement with his own understanding of the company relationship:

*“10. I was always aware that, in addition to using the name "All-Fill" owned by All Fill US, the United Kingdom based All Fill UK was supplied with All Fill US know-how, expertise and hardware. I also understood that Auger-Fabrication (All Fill US' subsidiary) provided augers and other tools for the machinery of All Fill UK.*

*11. In addition, I remember Glenn Edginton mentioning in or around 2004 that All Fill US held shares in All Fill UK.*

*12. During my time at Van-Beek (1998 to 2001) and in the years since at mueller/consulting and trading (to date), the brand name, "All Fill", is and always has been known to me and my customers (including those of mueller/consulting and trading and, while I was employed by it, the customers of Van-Beek in The Netherlands), as being American in origin and belonging to All Fill US since being founded in 1969, not its United Kingdom based subsidiary company, All Fill UK.”*

## All Fill UK's evidence in reply

### Second witness statement of Michael Rowland Watts with exhibits MRW21-MRW26

144. Mr Watts begins by submitting that All Fill US's sales into the UK prior to 1984 were 'practically non-existent' and that that continued to be the case from 1984-1993 and from 1993 to date. At paragraph 10 of his statement Mr Watts submits that:

*"...apart from supplies to All Fill UK, they have not supplied any machines directly into the UK since 1984."*

145. Mr Watts makes a number of other points, the salient ones being as follows:

*"20. ...I would comment that, as part of the management team of All-Fill International from 1992, I was not aware of any licence to use the name, and this is reinforced by the warranties that Chris Head gave in the Chris Head 1993 Sale Agreement which I will discuss later (starts at paragraph 61). I am quite clear in my mind that, if I had been informed that the name was used under a licence, which might be terminable at some point in the future, I would not have entered into the sale transaction.*

*30...I understood that All-Fill International could benefit from being able to refer to All-Fill Inc's reputation in other markets and in particular in the USA at this time - this is referred to in the press release at REX6, page 7, dated 1984, which plays on the American reputation by saying that All-Fill International "will utilize the advanced American design, but have adapted the complete range of machines to the more demanding needs of the European market". At the same time the press release says: "The Company believes that the time is right for a strong, new British manufacturer of fillers to assert itself", clearly, I believe, indicating the intention to establish the British company as a name in the UK market.*

...

*31. I note that the press release (dated 1984) REX6 also notes that "the Company manufactures the machines using a workforce with many years'*

*experience in our Industry particularly in auger filling" and refers specifically to that team later in the press release. It is clear therefore that, while All-Fill Inc may have been providing some know-how in 1984, there was already significant technical expertise and know how within All-Fill International.*

...

*42.4 In paragraph 34, Ryan Edginton says that All-Fill Inc has continued to sell into the UK via All-Fill International and OEM distributors, integrators and resellers. All-Fill Inc has indeed sold to some components to All-Fill International since 1993, but not complete machines. An example is in relation to the Cerebus boards supplied by All-Fill Inc to All-Fill International (discussed in relation to Ha Dinh). These have always been sold and badged as "All Fill International". A representative illustration is shown at Exhibit MRW24."*

146. The exhibit referred to by Mr Watts shows a Cerebus control board which has the triangular logo and the UK address on the front panel.

147. Mr Watts continues to dispute that, as Chris Head claims, Mr Watts knew that All Fill UK used the name under licence from All Fill US.

*"51...Certainly my experience of the market is that even if All-Fill Inc had made sales of All-Fill branded products into the UK at some time in the distant past, that goodwill would have long since dissipated. UK based customers and potential customers simply do not know of All-Fill Inc as a company which does business in the UK.*

...

*60. I have commented on paragraph 20 already, and I was intimately involved in the business of All-Fill International. It is not however true that I was aware that All-Fill International used the All Fill name with All-Fill Inc's consent, "as its licensee". Almost all of my knowledge about All-Fill International came from the close working relationship with Chris Head, but as he never mentioned any licencing arrangement there was virtually no way in which I could have known about any alleged licensing arrangement.*

*In relation to paragraph 32. Mr Head states "the agreement ... reflects the long-established and well-known position in relation to the licence of the "All Fill" name by All Fill US to All Fill UK". This is not the position and indeed if Chris Head had believed this to be true at the time, why would Mr Head warrant that there were no licences.*

*In relation to paragraph 7, I repeat what I have said above - neither John Williamson nor All-Fill Inc generally were ever involved in the decision making, management or strategy of All-Fill International or in taking any view on the quality of All-Fill International's products. Indeed the "personnel" matter referred to by John Williamson, in this paragraph, illustrates precisely the point. All-Fill Inc was a shareholder. I contacted John Williamson because I wished to be able to offer Mike Warmington shares in All-Fill International as an inducement to stay working for All-Fill International. I contacted All-Fill Inc, as a shareholder, and because I was proposing that All-Fill Inc sell some of their shares to Mike Warmington. When All-Fill Inc indicated that they did not want to sell their shares, I took the unilateral decision to issue new shares. The effect of this was to dilute All-Fill Inc's shareholding slightly. There was no involvement whatsoever in management or decision making with regard to Mike Warmington's position.*

*In relation to paragraphs 7 to 10, I can comment that during this time we purchased two types of control boards from All-Fill Inc. The first, called a Quantum controller was a basic system requiring no modifications, and we would buy maybe 30-40 per year, paying the price quoted by All-Fill Inc. In relation to the Cerebus control board, All-Fill Inc simply put forward a proposal for us to switch to using their Cerebus controller. The Cerebus control board was more expensive than the Quantum controller, but slightly cheaper than one we were purchasing from a UK supplier, and we decided to accept it. It was a normal commercial arm's length transaction that was beneficial to both companies. For this reason, we decided to purchase these controllers for around 10% of our machines until they became technically obsolescent around five years later, when it became more*

*economical to buy proprietary controllers from companies such as Siemens.*

*82. In relation to paragraph 10, Ha Dinh says that Tom (Dinh), his brother, had to spend time to help Alan Abrams whenever he needed assistance and that Alan would call Tom at least once a week. Many of the phone calls would have related to bugs within the software resulting in the controller not working as intended. This was very common when changes were made to the software and Alan would need to speak to Tom to explain the problem. When Tom would find the mistake the software would be modified. These would be the occasions when there would be no charge for the work done.”*

### **All Fill US’ evidence in reply**

#### Second witness statement of Ryan Edginton with exhibits REX2.1, REX13.1, REX14 & REX15

148. Mr Edginton begins by reiterating that following the incorporation of All Fill UK in 1984, there was a fruitful relationship for the next nine years in which Mr Head, later also Mr Watts as Sales and Marketing Director (from September 1992), developed and grew the All Fill UK and the All Fill name and brand in the UK and throughout Europe, Africa and the former Soviet bloc.

149. Mr Edginton submits that when Mr Head wanted to leave the company:

*“My grandfather and his senior management at the time were sorry to see Mr Head leave, as he had been an instrumental partner in the establishment and development of the UK joint venture business, but they had confidence in Mr Watts and that he would continue to run the UK business following the sale in the same manner that it had been run from 1984 to 1993.”*

150. Mr Edginton points out that Mr Watts has no direct knowledge of events prior to him joining the company in September 1992. However, he believes that Mr Watts did know of the licensing position as it stood up to 1993, and the fact that the UK company used the All Fill mark with the permission of All Fill US.



*“11...In his witness statement dated 12 January 2018, Mr Head states that it was common knowledge by All Fill UK staff and management that the All Fill name was owned by All Fill US at all times and was only used by All Fill UK as licensee. My father, Mr Glenn Edginton, my grandfather, Mr Richard Edginton, Mr Ha Dinh and Mr John Williamson all agree that this was always the case. Given Mr Watts' seniority and role as marketing and sales director, which he describes at paragraph 24 of his witness statement, I believe that he must have known that the rights to the All Fill name in the UK, the EU and globally remained the property of All Fill US.”*

151. Mr Edginton makes a number of specific responses to the evidence filed by Mr Watts and the narrative provided by Mr Watts in his witness statement. Mr Watts' points are underlined with Mr Edginton's responses directly below them. They are as follows:

From September 1984 to 1 April 2007, All-Fill [UK] manufactured and sold a comprehensive range of...auger filling machines...<sup>51</sup>

*“This is not an accurate statement as it suggests that all machines were made in the UK from 1984 onwards. They were not. On the contrary, in the early years of the UK joint venture following 1984, All Fill UK manufactured only very simple machines itself and was primarily a reseller of All Fill US's more complex auger filling machines. Components were also originally supplied by All Fill US and gradually transitioned to UK supply over the years following 1984. Interestingly, at paragraph 22, Mr Watts admits that All Fill UK sold Auger Fillers using components manufactured and supplied by All Fill US from 1984.*

Mr Watts points out that clause 4.3 of the 1993 Agreement did not contain licence provisions relating to the All Fill name.<sup>52</sup>

*That is correct, but by the same token, it did not contain any assignment of any rights in the name to All Fill UK by All Fill US. The clause did no more*

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<sup>51</sup> Watts paragraph 5.

<sup>52</sup> Watts paragraph 28.

*than recognise the pre-existing position, namely that All Fill UK had the right to use the name in the designated territories as the US company's licensee. Whilst Mr Watts says that the 1993 Agreement was not a licence agreement, it certainly reflects the pre-existing licensing arrangements between the parties, in relation to primary geographical markets and the permissions granted by the US company for the use of the All Fill name and mark.”*

152. Mr Edginton notes that Mr Watts has made a number of comments about manufacture by the UK company which he finds to be inaccurate. As to paragraph 15 in particular, he submits:

*“I note the table of models of machines sold, many of which date back to 1984...would have been All Fill US manufactured machines, not those manufactured to our designs by All Fill UK in the later years. Furthermore, I accept that, in addition to the informal licence of the All Fill name and mark to All Fill UK for use in its designated markets, there was an informal agreement between the parties as to primary geographical markets. This was originally based on the terms of the unsigned 1984 and 1985 licence agreements that I have referred to in paragraph 15 of my first witness statement, dated 16 January 2018 (see also Exhibit REX5 referenced in my first witness statement). Each of these agreements provides for the license of certain technology and know-know to All Fill UK by All Fill US in the "Area of Grant", which in each case is defined as the United Kingdom and Europe. As I have said, as far as I can ascertain, the parties conducted themselves largely in compliance with the terms of those agreements up to 1993. As I have mentioned above and in my first witness statement, dated 16 January 2018, there are many examples of deviations from these geographical market allocations, where it was beneficial for All Fill US to continue to sell and/or service machinery to UK and other EU customers (including, at times, on behalf of All Fill UK) and, at times, likewise for All Fill UK selling into our territories. Both parties acted reasonably whenever there was a business reason to do so.”*

153. The next part of Mr Edginton's second statement deals with the lead up to the proposed sale of All Fill UK in 2016. Mr Edginton's statement on these points is already outlined from his first witness statement. However, an additional point to note is his statement at paragraph 16:

*"16. In paragraph 43.1 of his witness statement, Mr Watts mentions his reference in his email of 6 February 2017 to "the weak legal agreement in force". He states that by this reference he was referring to the 1993 Agreement. However, I understood this to be a reference to our informal licence of the All Fill name (which had always been an informal oral licence) and the other licence terms set out in the (unsigned) 1984 and 1985 licence agreements...I find it odd that Mr Watts would describe the 1993 Agreement as a weak legal agreement, given that it had been professionally drafted by his own lawyers, Mills & Reeve LLP, and executed by both parties. The suggestion that the potential buyer needed clarity regarding the territorial restrictions in the 1993 Agreement is very surprising as these terms seem perfectly clear.*

*In any event, I then understood his option to 'formalize the existing Agreement' to be an offer to document the informal, unwritten licence of the All Fill name ahead of his proposed sale to his other purchaser, not a reference to the existing formal 1993 Agreement. For this reason, I asked our UK legal advisors to prepare heads of terms for a new licence agreement for further discussion with Mr Watts...Mr Watts comments, at paragraph 44.4 of his witness statement, that this misrepresented his email of 6 February 2017. I did not intend to do so, but thought that this was what Mr Watts had requested, for the reasons I have explained above and in my first witness statement..."*

*Reason for All Fill US filing for the contested mark in the UK*

*23...As I have stated before, I had no intention to obstruct his sale of the UK business but, equally, I could not permit him to sell All Fill UK to an unrelated third party without a formal licence agreement in place on something closer to arm's length terms than the informal licence agreement*

*that had been in place since the UK joint venture was established in 1984. The existing position clearly could not continue following a sale of our licensee, All Fill UK, to an unrelated third party, which could potentially be a competitor of ours in the future. This would undoubtedly lead to confusion in the relevant markets and would be potentially catastrophic to our brand name and reputation globally (including in the UK and throughout the EU), particularly if the third party purchaser was unwilling to co-operate with us (as Mr Watts had done from 1993 until 2017) going forward.”*

## **DECISION**

154. Section 5(4) of the Act states:

“5(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...

(b) ...

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.”

155. In *Discount Outlet v Feel Good UK*,<sup>53</sup> Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to

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<sup>53</sup>[2017] EWHC 1400 IPEC.

deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether "a substantial number" of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)."

### **The relevant date**

156. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*,<sup>54</sup> Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act:

"43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.'

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<sup>54</sup> BL O-410-11

157. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd*<sup>55</sup> the Court stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

158. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)*<sup>56</sup> Pumfrey J. stated:

“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

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<sup>55</sup> [1901] AC 217 (HOL).

<sup>56</sup> [2002] RPC 19 (HC).

to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

159. However, in *Minimax GmbH & Co KG v Chubb Fire Limited*<sup>57</sup> Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

### **Goodwill prior to 1984**

160. Throughout its evidence and submissions, All Fill UK maintains that the evidence filed by All Fill US falls short of showing that it had any goodwill in the UK prior to 1984, when the first joint venture company was established.

161. In making a finding on the sufficiency of evidence, I bear in mind the decision in *Stannard v Reay*,<sup>58</sup> in which protectable goodwill was generated as a result of a three-week period of trading by a single mobile fish and chip van on the Isle of Wight; and *W3 v EasyGroup*,<sup>59</sup> in which Arnold J found that the claimant had generated, ‘a modest, but nevertheless sufficiently substantial, goodwill’ as a result of there being only 109 registered users of a UK website over a period of less than two months (although with many more visitors) and without the website having generated any revenue at all.

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<sup>57</sup> [2008] EWHC 1960 (Pat)

<sup>58</sup> [1967] FSR 140

<sup>59</sup> [2018] EWHC 7 (Ch), p.366

162. However, in *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. 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 s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.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 L.J. in *BALI Trade Mark* [1969] R.P.C. 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.”

163. In the skeleton argument of All Fill UK it is submitted that the question of passing off in this case turns on:

*“39...whether All Fill [US] ever had a goodwill in the UK, and if it did whether it maintained that goodwill or whether it essentially pulled out of the UK from 1983 and certainly from 1993...”*

164. The current position at common law is that mere reputation in the UK is not enough for a successful passing off claim under the 5(4)(a) ground. In *Starbucks (HK) Ltd & Anor v British Sky Broadcasting Group PLC & Ors*<sup>60</sup> Neuberger LJ stated:

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<sup>60</sup> Get citation.



“52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21–26 and 32–36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant.”

165. There was a difference of opinion as to how this should be applied here. Mr Hicks for All Fill UK concluded that customers must understand where the goods have come from and who controls them. Ms Michaels, for All Fill US, took the view that it simply requires there to be customers in the UK. I agree that the existence of UK goodwill depends on All Fill US showing that it had customers in the jurisdiction (the UK) prior to 1984. The decision in *Starbucks* does not provide any further qualification as to the nature or understanding which must be shown by those customers other than that they would have expected all the goods sold under the sign All Fill to be the goods of a particular undertaking, which was responsible for their quality.

166. All Fill US's current CEO, Ryan Edginton states that Prodo Pak was the company's first customer in 1969 and exhibits an invoice for the sale of an auger filler in 1975 to Prodo Pak. Mr Edginton explains that whilst Prodo Pak is a US company, the machine was shipped to the UK, to an address in Cambridge.

167. He further submits that machines were sold into the UK 'virtually every year after 1975', primarily through agents, representatives and OEMs. Hamilton Machinery

Sales was its agent based in the UK. JR Nalbach and Prodo Pak were based in the US but sold All Fill branded machinery to customers in the UK.

*“Our clients included for example, Intermarket Machine (our sales representative), Copydex (an end customer), JR Nalbach Engineering (KLIX), InterPack (Chiltern Trading).”*

168. By way of example, invoices are provided for sales to Hamilton Machinery in the UK<sup>61</sup> and are dated 26 March 1979, 26 April 1979, 14 June 1979 and 19 June 1979. The first is for parts for auger filler machinery and amounts to \$507.20. The second is for an A.F.I. auger filler and accessories and amounts to \$9,283.83. The third is for parts and amounts to \$1,155. The fourth is for machine parts and amounts to \$385.00.

169. Several special order forms are also included within the exhibit. The first of these is dated 12 January 1979 and is for goods sold to Hamilton Machinery in Gerrards Cross, Buckinghamshire, England. It is handwritten and not easy to read but appears to relate to a number of different auger machine parts priced at \$632.50, \$316.25, \$230.00 and additional wiring changes priced at \$1121.25.

170. Another of these forms is a sale to FISONS dated 9 January 1979. A handwritten note next to the heading, ‘DELIVERY’, reads ‘IN U.K. END OF JUNE AT LATEST’. The final cost is handwritten as 43,467. It is not clear whether this figure is in US dollars or sterling.

171. The third of the special order forms is dated 6 February 1981 and is marked ‘IMPORTANT GIVE SPECIAL ATTENTION’. The order is for FISONS LTD in Cambridge, England and is for a ‘Weigh cell, set up and damped’. The order total is shown as \$1625.00.

172. The final order form is for a sale to FBC Ltd Agrochemical to be shipped to Hamilton Machinery in Cambridge, UK. It is dated 22 February 1983 and is for \$300.00.

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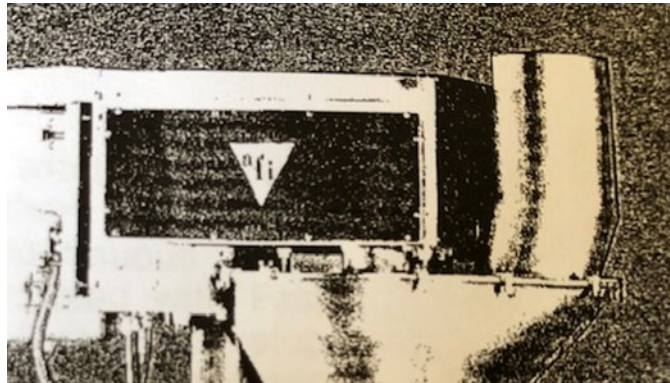
<sup>61</sup> See REX1.

173. Evidence is also provided which shows sales made through Intermarket Machine. An invoice dated 29 August 1980 shows the sale of a complete machine described as A.F.I. Dual Head Automatic Filling Machine. The total cost was \$13,557.05 and the order was shipped to Hamiltons in the UK. The customer is shown as Intermarket (Copydex). Two special order forms are also provided. Both to Intermarket (HFW Plastics). The first is dated 24 February 1981 to be shipped to Manchester. The order is for the attention of Chris Head at Hamiltons. The total amount is \$14,105.00. The second order form is for \$83.02 and is to be shipped to Hamiltons in the UK.

174. Mr Edginton provides what is described as a 'partial list' of All Fill US sales to UK customers between 1975 and 1996. The total sales made between 15 December 1975 and 18 January 1984 is \$362,372.53, with sale totals ranging from \$6545.00 to \$118,644.00. The list includes the date, the customer, the Rep/OEM/Distributor and the final location of each sale. Locations of the customers to whom these sales were made include Cambridge, Northampton, Slough, London and Yorkshire. Some of the purchasers are clearly based in the US, for example, Avon Products, Inc., as are some of the reps/OEMs/distributors. I note All Fill UK's and in particular, Mr Watts' objections to this part of the evidence but the submissions Mr Watts has provided go no further than pointing to the fact that some of the customers are US businesses. The fact that some of the customers are listed as US companies is not surprising where they are international businesses. In any case, it is clear from the exhibit that the goods sold through these sales ended up in a UK location. This is on all fours with Mr Edginton's statement that All Fill US, at this time, sold machinery to agents in the US who sold on to the UK. I have no reason to disbelieve Mr Edginton's statement as to the UK locations of the final delivery addresses for the machines and parts included in this list.

175. Mr Edginton has provided details of services carried out by All Fill Inc on machines based in the UK. These are dated 22 May 1981 for a customer in Gateshead and 29 May 1981 and 11 October 1983 for Fisons in Cambridge. Two further reports are exhibited about services carried out by Hamiltons with notes on the sheet indicating that further contact needs to be made with All Fill [US]. These are dated 31 March 1981 and 8 May 1981.

176. In addition, Mr Edginton has provided details of All Fill US's attendance at a UK packing trade show, 'Pack Ex', which was held in Birmingham in 1980 and, in the same exhibit, a brochure from 'around 1984'. The machines are shown with a triangular sign shown below, which includes the letters 'afi':



177. It is clear from the evidence that in the early years of All Fill US, before the establishment of the joint venture partnership, the 'afi' in a triangle which appeared on its machines referred to All Fill Inc. Brochures and invoices for this period up until 1984 refer to All Fill US as both All-Fill and All-Fill Inc.

178. Mr Ryan Edginton has provided much of the evidence relating to the period before 1984 and I am mindful of the fact that he was not involved in the company at that time. However, he is the current CEO with access to company records and his evidence is supported by the evidence of, inter alia, Chris Head (who dealt with All Fill US prior to 1984) and Richard Edginton (who was the CEO when the company was founded in 1969).

179. Normally, it would be expected that a party seeking to rely on section 5(4)(a) and therefore needing to provide documents in support of its goodwill, should be able to do so with relative ease. However, I bear in mind that here All Fill was founded 50 years ago, meaning that paper records from that time are not likely to be complete and there will be a greater degree of difficulty in locating the documents that are still available, with them unlikely to be close at hand. Nevertheless, the evidence provided shows that All Fill US had a protectable goodwill in the UK by September 1984. There

is little evidence for the first few years of the period but from the mid 1970s there is a consistent pattern of sales into the UK, primarily through agents and representatives of All Fill US based in the UK and the US. All Fill US's attendance at Pack Ex in 1980 shows that it made its goods directly available to customers in the UK and sought further business here. All Fill US also supplied parts for the machines that were sold in the UK and provided servicing to UK customers. The use shown is such that the goodwill is associated with the words 'All Fill'. The goodwill rests in auger fillers and parts for auger fillers and servicing and repair of such goods.

180. I find that, by September 1984 All Fill US had protectable goodwill in the UK for auger fillers and parts for auger fillers sold under the sign All Fill and servicing and repair of such goods.

### **Goodwill 1984 – 1993**

181. It is clear from the evidence of all parties to this dispute that a joint venture partnership was established in 1984. It is the exact nature of this relationship in which the dispute arises. Mr Head provided the background when he explained that following the collapse of a large auger manufacturer in Europe, he, "*saw an opportunity to make the machines in the UK for the European market, which involved metrification of all of the sizes and hardware plus fitting European sourced motors and I contacted John Williamson at All Fill US with a proposal.*"

182. Mr Head states that as a result, All Fill UK was established in 1984 as a joint venture company by and between All Fill US, Mr Head and Mr Mike A.J. Leroy, each initially holding 30% of the issued share capital of All Fill UK, with 10% reserved for third party investors. The purpose of the venture was for All Fill UK, "*to manufacture semi-automatic and smaller automatic powder filling equipment under licence from All Fill US for the UK, European and African markets...*" In addition, Mr Head submits that All Fill UK was also set up to act as sole agent to the United Kingdom and the Irish Republic for the larger and more sophisticated filler machines manufactured by All Fill US.

### The licence agreements

183. It is clear from the evidence that whilst a number of agreements were prepared, no agreements were signed. At the point of the establishment of the joint venture partnership in 1984, the parties dealt with each other on the basis of 'a gentleman's agreement', based on the unsigned agreements. I pause here to note that the unsigned documents make no specific reference to trade marks or goodwill. Both make reference to All Fill US's 'know how' in the auger filler field. Both agreements, had they been signed, were to run for five years from enactment.

184. The auditors' report at exhibit CDH6 written by All Fill UK's auditors concludes that the parties traded on the basis of a 'gentleman's agreement' at that time. I also note that All Fill UK's draft accounts from 1985 state:

*"The present machines are manufactured under agreement from the U.S.A."*

185. License agreements for registered trade marks must be in writing and at first glance this may appear to be the end of the matter since there is no agreement in writing in respect of any trade marks in this case. However, in common law an agreement may be written or verbal. I refer to *Wadlow, The Law of Passing Off 5<sup>th</sup> Edition 2016*, at 3-150:

"If the commercial purpose of an agreement is to licence the use of a distinctive name or mark in respect of which a licensor has (or is agreed to have) goodwill, to a licensee who has (or is agreed to have) no such goodwill, and in circumstances where the licensee's use would otherwise be actionable as passing off, then in the absence of agreement to the contrary or other supervening factors, the goodwill in the business so carried on by the licensee under the licensed name or mark will accrue to the licensor rather than the licensee. The license may be express or implied, provided always that it does not offend against the prohibition on transactions in gross. The licensee acquires no interest in the licensed name or mark, and must cease using it on termination of the licence...It is irrelevant whether the goodwill in the licensed business would otherwise

have accrued to the licensee, the licensor, or both. It is the parties' contractual agreement, and not some extrinsic legal fiction or equitable doctrine, which operates to vest the goodwill in the licensor, unless otherwise agreed, because no other outcome is consistent with the ordinary licensor-licensee relationship.

An agreement which is not a trade mark licence in the foregoing sense cannot be assumed to affect ownership of goodwill in this, or any other, predetermined way. Two specific situations are contemplated. First, where the relevant part of the agreement is what one would normally think of as a trade mark licence in that its principal commercial purpose is to enable a person, the licensee, to use a name, mark or other sign in a manner which the licensor could otherwise prohibit by virtue of his pre-existing goodwill in relation to the matter licensed. In this situation, any other consequence than that stated would destroy the licensor-licensee relationship as inevitably as allowing a tenant under a lease to claim adverse possession against his landlord, and cannot be assumed to have been the intention of the parties unless so stated in absolutely clear language. Secondly, the proposition applies to similar agreements when there is no pre-existing goodwill, or when ownership of such goodwill as already exists is uncertain or controversial. For the same reasons as previously, by identifying themselves respectively as licensor and licensee the parties have specified which of them is actually to own the goodwill generated in performance of the agreement, and which is to enjoy it on terms, and their decision should be given effect..."

186. I have already concluded that All Fill US had a protectable goodwill in the UK by 1984, the date at which the joint venture was established. The goodwill was vested in the name All-Fill for auger filling machines and parts and related services. The purpose of the unsigned agreements between the parties was for All Fill UK to use the All Fill name in the UK to build on the goodwill already established by All Fill US.

187. I find support for this finding in the documents prepared by the parties in preparation for the original joint venture. Exhibit CDH1 is described as All Fill UK's

Joint Venture Presentation for investors. Page 10 is titled, 'Market Scenario', the relevant section of the final paragraph reads:

*"...The formation of All Fill [UK] will enable [All Fill US] to take fullest advantage of the established commercial ties between the UK and its traditional export markets whilst allowing the new Company to utilize the already known All-Fill trade mark."*

189. There are many submissions concerning this relationship throughout the evidence, but it is most succinctly described by Mr Head in his witness statement:

*"12. The aim of the joint venture business of All Fill UK was to strengthen and enhance the already well known and developed international market share and reputation of All Fill US and to form a strong European manufacturing company, based in the United Kingdom. As shown in exhibit CDH1 (page 10), from All Fill US's perspective, the formation of All Fill UK was to enable All Fill US to take full advantage of the established commercial ties between the United Kingdom and All Fill US's other export markets, whilst allowing the joint venture company, All Fill UK, to utilise the already well known All Fill name and trade mark."*

*13. Everyone involved in the joint venture knew and accepted that All Fill US owned and would continue to own the name 'All Fill' and all intellectual property rights attaching to, and associated with, the name. It was accepted that All Fill UK would benefit from the prior goodwill established by All Fill US in the United Kingdom, Europe and elsewhere, but there was absolutely no suggestion that All Fill UK would own any rights to the All Fill name or any intellectual property associated with the name."*

190. The joint venture presentation<sup>62</sup> was produced at the outset and outlines what the intentions of both All Fill US and All Fill UK were from the start. On the third page of the document, under the heading, 'Company Objective', is the following:

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<sup>62</sup> See CEH1



“Initially and primarily to manufacture semi-automatic and smaller automatic powder filling equipment under licence from the USA covering direct sales into the UK and Irish Republic. Additionally, the UK company will manufacture these machines for existing sales agents, in the following territories...”.

191. At the top of the following page under the heading ‘Company structure’, is the following:

“...Company letterhead and logo will identify the well-known style of the US manufacturing company but will be adapted to suit the different market requirement existing within its territories.”

192. The following is shown under the heading, ‘Management’ on page 5 of the same document:

“CDH [Christopher Head] has been asked to perform the same function within [All Fill UK] working with [All Fill US] whom he successfully established in the UK market back in 1977 through Hamilton Machinery.”

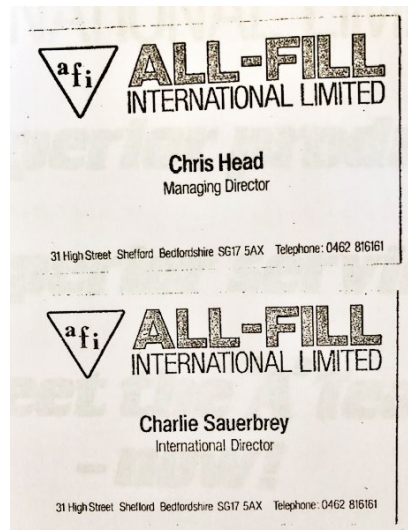
193. Under the heading, ‘Market Scenario’ on page 10 the last paragraph reads:

“In essence, All Fill US see their future growth in those markets discussed as dependent upon the formation of a strong European manufacturing company. The formation of All Fill UK will enable them to take fullest advantage of the established commercial ties between the UK and its traditional export markets whilst allowing the new Company to utilize the already known All-Fill trade mark.”

194. This clearly indicates the intentions of both parties at the outset of the joint venture partnership in 1984 and the evidence shows that the parties continued to conduct their businesses as if this were the case. Though it must be noted that this was, at best, a verbal agreement with implied terms.

195. Mr Head submits that licence fees and dividends were waived by All Fill US from 1984 until 24 November 1993 in order to promote the development of All Fill UK, which did not generate significant profits at this time.

196. The parties used the same branding on their business cards for an event at Wembley in 1984.<sup>63</sup> REX8.



197. A brochure for the packaging trade show at Wembley in November 1984 included the following advertisement:

*“If you use packaging machinery – YOU must read this!*

*America’s leading manufacturer, now producing here in the UK, will offer you the best equipment available as a complete line or part of a line...We offer you the technology, advice, support, product testing and service expected and enjoyed by our existing customers. Please come and visit us at our factory or meet us at the Packaging Index Show – Wembley – November 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>.”*

198. A ‘joint marketing brochure from around 1988’ includes the inverted triangular logo with the words ALL-FILL through the middle. Below the logo is the address for All

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<sup>63</sup> See REX6

Fill US. Three further addresses are shown next to each other, below the US address and are for All Fill UK, a company in Mexico and a company in New Zealand. The clear message from the presentation of the companies on this page is that the US company is the primary company in this arrangement.

199. The first page of the joint brochure refers to the All Fill company founded in 1969, which can only mean the US company as the UK company was yet to be established. It reads:

“A daring concept for a superior auger filling machine launched All Fill in 1969. This filler, uncluttered and rugged, was simple to set up and maintain for a long productive life.”

200. In his evidence in reply, Ryan Edginton submits that in the early years of the UK joint venture following 1984, All Fill UK manufactured only very simple machines itself and was primarily a reseller of All Fill US's more complex auger filling machines. Components were also originally supplied by All Fill US and gradually transitioned to UK supply over the years following 1984. Something which Mr Watts accepts at paragraph 22 of his witness statement when he confirms that All Fill UK sold Auger Fillers using components manufactured and supplied by All Fill US from 1984.

201. Ryan Edginton describes the nature of support provided, in the following terms:

*“26. The collaborative relationship extended to our provision of designs, software, know-how and all manner of support by All Fill US to All Fill UK, which All Fill UK relied on for the operation of its business and in servicing its clients...”*

*27. Furthermore, despite setting up the joint venture, All Fill US continued to sell machinery to UK customers, mainly through multinational customer relationships and OEMs that I have already referred to. We supplied customers directly in cases where multinational companies (for example, Procter & Gamble, which had been a longstanding customer of All Fill US, including prior to 1984) were using our products as standard and wished to*

*use them throughout the world. We also supplied customers indirectly via sales to OEM manufacturers who had standardized on our products and wished to use them throughout the world.”*

202. This is demonstrated by a letter dated 29 August 1990 sent from All Fill US to a customer in the UK asking for feedback on two auger filling machines that the UK company had purchased several years ago, stating that, ‘As a valued All-Fill Customer, your satisfaction with our equipment is important to us.’ Attached to the letter was a reply form asking the customer to provide details of whether they were using their All-Fill machines and how efficient and accurate they were. The contact name given for parts and accessories is John Williamson in the US with the address of All Fill UK also provided.<sup>64</sup> The correspondence is signed by All Fill US.

203. Applying the criteria outlined in Wadlow and referred to above, the commercial purpose of the verbal agreement on implied terms between All Fill UK and All Fill US in 1984 was to licence the use of the All Fill name in respect of which All Fill US had goodwill. The license was to be granted to All Fill UK who had no such goodwill in the UK at that time. The circumstances were such that All Fill UK’s use of the All Fill name, without a licence, would otherwise be actionable as passing off. Wadlow concludes that in the absence of an agreement to the contrary or other supervening factors, the goodwill in the business so carried on by the licensee under the licensed name or mark will accrue to the licensor rather than the licensee.

204. Several cases were brought to my attention concerning the ownership of goodwill generated under a licence arrangement. The most pertinent of these is *Scandecor Developments AB v Scandecor Marketing AB and others and one other*.<sup>65</sup> Paragraph 38 of that decision reads:

“38. Thus, the wider interpretation, according to which the source may be either the proprietor or an exclusive licensee, would not be at variance with customers’ perceptions. Customers are well used to the practice of

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<sup>64</sup> See REX1

<sup>65</sup> [2001] UKHL 21

licensing of trade marks. When they see goods to which a mark has been affixed, they understand that the goods have been produced either by the owner of the mark or by someone else acting with his consent.

39. Nor does the wider interpretation undermine the protection which a trade mark is intended to afford customers. For their quality assurance customers rely on the self-interest of the owner. They assume that if a licence has been granted the owner can be expected to have chosen a suitable licensee and imposed suitable terms. They also assume that during the currency of any licence the licensee, as well as the owner, is likely to have an interest in maintaining the value of the brand name. Customers are not to be taken to rely on the protection supposedly afforded by a legal requirement that the proprietor must always retain and exercise an inherently imprecise degree of control over the licensee's activities.”

205. The next part of the requirement set out in Wadlow is that the license may be express or implied, provided always that it does not offend against the prohibition on transactions in gross.

206. At the hearing Mr Hicks, on behalf of All Fill UK, submits that by a ‘transaction in gross’ Professor Wadlow means that All Fill US is not just providing a bare licence. In other words, it is a proper trade mark licence. He submitted:

*“Again, the best case that the US company could put forward is that it is a mere bare licence. As I have mentioned, there are no quality-control restrictions, no limit on time or control over the goods supplied...”<sup>66</sup>*

207. He continues:

*“Then it goes on to say at the beginning of the next paragraph: “An agreement which is not a trade mark licence in the foregoing sense cannot be assumed to affect the ownership of goodwill in this or in any other pre-*

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<sup>66</sup> Begins at line 5 of page 42 of the hearing transcript.

*determined way". If you do not have a licence at that time, you just go back to normal principles and ask yourself, "Who owns the goodwill?", and that is a matter of perception of the relevant public. It is very dependent on the facts. We say the best that can be said on the part of the US is that there was some bare (unclear), if you like, to the formation of [All Fill UK] which, as we have said in a number of places, there obviously must have been because it took a substantial minority shareholding in the business. That is a long way from saying that there is a formal contract in place under which all the goodwill that [All Fill UK] generates belongs to US."<sup>67</sup>*

208. In reply, Ms Michaels, acting for All Fill US, submits that:

*"...what Professor Wadlow means by a 'licence in gross' would be a licence (like an assignment in gross) which did not purport to licence the goodwill, but just the name, rather than a bare licence without controls by the licensor, as suggested by Mr Hicks."*

209. An assignment in gross means, in a trade mark context, an assignment of a name without goodwill attached. I take a licence in gross to mean the same but in the context of a licence. In this case it would mean a licence without goodwill attached. That is certainly not the case in the verbal agreement between these parties. Indeed, in the absence of a registered trade mark there is nothing to licence other than the goodwill in the business. Whilst I have not lost sight of the fact that the agreements in evidence are unsigned and therefore, are not legally binding, they are useful in the context of outlining intentions because the witnesses from both All Fill US and All Fill UK who were party to the joint venture partnership have stated that they traded and dealt with each other on the basis of the unsigned agreements. In fact, if it were not for the parties' evidence of their intentions, no weight could be attached to unsigned agreements. It is clear from these documents that it was their intention that the UK company be able to benefit from the goodwill in the All Fill name built up by All Fill US. Accordingly, this is clearly not a licence (or more broadly a 'transaction') in gross, since the pre-existing goodwill was the very essence of the agreement.

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<sup>67</sup> Reproduced as written, beginning at line 19 of page 42 of the hearing transcript.

210. The remaining section of Wadlow which Mr Hicks points to as being of importance is that, 'it is irrelevant whether the goodwill in the licensed business would otherwise have accrued to the licensee, the licensor, or both. It is the parties' contractual agreement, and not some extrinsic legal fiction or equitable doctrine, which operates to vest the goodwill in the licensor, unless otherwise agreed, because no other outcome is consistent with the ordinary licensor-licensee relationship.'

211. With regard to the unsigned agreements, the parties appear to have traded broadly along these lines, though again, I reiterate, neither agreement made any reference to goodwill. The parties continued to deal with each other on that basis. There are no agreements to the contrary and there is no evidence of any supervening factors or occurrences that changed this situation at this time. All of the parties who were involved in both the US and UK companies at that time, agree that they traded on the basis of a licensor/licensee relationship. I find no reason to conclude otherwise.

#### Abandonment of goodwill

212. The second point made by All Fill UK is that even if All Fill US had any goodwill, it effectively pulled out of the UK in 1983, when it decided to launch a joint venture in the UK. The conclusion drawn from this is that all goodwill from that point belongs to the UK company. There is a suggestion that if All Fill US did have any goodwill, which is not accepted, it would in any case, have been abandoned at that point. A further submission that All Fill US abandoned its goodwill was made within All Fill UK's evidence<sup>68</sup> and repeated at the hearing, which is that All Fill US took a shareholding in the UK company rather than grant a licence and that in doing so it abandoned its goodwill in the UK (though again, at no point does All Fill UK accept that All Fill US had any goodwill in the UK). This point is made in respect of both the 1984 and 1993 agreements.

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<sup>68</sup> See the first witness statement by Mr Watts

213. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Iain Purvis QC, sitting as a Deputy Judge considered the law on abandonment of goodwill (as it applied to a company called Peals) and summed it up like this:

“68. I deal with the abandonment case first. The doctrine of abandonment of goodwill is intimately tied up with the basic principle that goodwill has no free-standing existence. It is simply a property right attached to a particular business. If the business dies, then so does the goodwill. See Lord Diplock in *Star Industrial v Yap Kwee Kor* [1980] RPC 31:

‘Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and indivisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is abandoned in one country in which it has acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries... Once the Hong Kong Company had abandoned that part of its former business that consisted of manufacturing toothbrushes for export to and sale in Singapore it ceased to have any proprietary right in Singapore which was entitled to protection in any action for passing-off brought in the courts of that country.’

69. There is little doubt that the business of Peals was abandoned by a series of very public acts. Just as in the well-known abandonment case of *Pink v Sharwood* [1913] 30 RPC 725 the employees were laid off, all sales stopped and the means of production were broken up. There was a clear and explicit expression in an interview with the press that Peals intended to stop trading in the United Kingdom altogether. However, unlike in *Pink v Sharwood*, those acts took place only after the goodwill was assigned to a third party (Brooks Brothers (New York) Limited). Furthermore, the assignment of goodwill was not a ‘bare assignment’. It was on the face of it sold together with the vital assets for maintaining and exploiting that



goodwill, namely the customer lists and the lasts and equipment necessary to serve those customers. The thrust of the Agreement is that Peals will cease trading in the United Kingdom and elsewhere (as they did), but there is nothing in the Agreement to indicate that Brooks Brothers will not carry on the business themselves in the United Kingdom in some form.

70. The termination of the business of Peals in January-February 1965 is therefore not determinative in itself of the issue of abandonment. The question must be looked at more broadly. Did Brooks Brothers, through its conduct in the early part of 1965, whilst Peals was winding up its business, behave in such a way that it could be said to have abandoned the business and goodwill in the United Kingdom associated with the Peal & Co. name and the fox and boot trade mark?

71. In my view it did. Firstly, although it had technically purchased the customer lists and the equipment necessary to keep the established business going in the United Kingdom, it is clear from the evidence of Mr Moore that it allowed those assets to be dissipated or destroyed. In those circumstances, if it had wished to preserve the goodwill in the United Kingdom under the trade marks, it would in my view have had to take steps fairly quickly to preserve the goodwill by launching a new business under those marks and educating the public that it was the successor to the old Peals business. No such steps were taken. Indeed, it must be a reasonable inference that the statement in the Associated Press report, presumably based on a comment of Mr Rodney Peal, that *'Peal's readymade shoes, produced from the firm's lasts and special leather at factory in Northampton, will still be sold in the United States by Brooks Brothers of New York. But the custom-made shoes will be no more, and all the British sales will end'* was a fair reflection of the intentions of Brooks Brothers, and the message which Brooks Brothers were content to send to the market in the United Kingdom.

72. In all the circumstances, by promoting (through clauses 4 and 5 of the Agreement) the destruction of the Peals business, by failing to take any steps to preserve a business in the United Kingdom, and by allowing the United Kingdom market to assume that Peals no longer existed, I consider that Brooks Brothers had abandoned any and all the goodwill in the United Kingdom associated with the Peals business, including any goodwill associated with the fox and boot device.”

214. Having considered the comments of Mr Purvis in this case, I find no support for All Fill UK’s proposition in the evidence before me. On the contrary, from 1984 until the end of Mr Head’s tenure as All Fill UK, both the UK and US companies consider that they were operating to capitalise on the goodwill already generated in the UK by the US company. It was a benefit to the UK to rely on the All Fill name, already established in the auger filling industry in the UK company and it was a benefit to the US company to expand its business in the UK through a joint venture partner rather than through several agents and representatives, which did not offer manufacturing capacity. All Fill US neither left the UK market, nor abandoned its goodwill by forming a joint venture partnership in 1984.

215. Not only is this the perception of the parties involved in the management of those companies at the time, I find that it would also have been the view of the relevant public at the time. The UK company referred back to the establishment and heritage of the US company from the outset. When the joint venture partnership was launched it was publicised in the trade show catalogue and the link to the US manufacturer could not have been more clearly expressed. Members of staff from All Fill US gave the UK address as their contact address to customers at the UK trade show in 1984. Any customers in these early years would not have been able to buy complex auger fillers made in the UK, as these were still made in the US. Servicing and support for all machinery was often referred to the US, which also provided the operating technology.

216. I find that from 1984, the All Fill companies in the US and the UK worked together to build on the goodwill already established by the US company in the UK. Given that All Fill UK was acting as a licensor for All Fill US in accordance with the test in Wadlow. The goodwill generated in this period is owned by All Fill US.

## The position from 1993 onwards

217. A significant area of dispute between the parties is the wording of the agreement signed in 1993 between Mr Head, the then CEO of All Fill UK and Mr Watts who, put simply, bought the company and became the CEO from that point.

### The 1993 agreement

218. Mr Head provides a copy of a document which contains enquiries regarding the sale, which was prepared in the lead up to the 1993 agreement. It is dated 18 October 1993.<sup>69</sup>

219. Enquiry 4.7 on page 10 of that document reads:

*“Details of beneficial ownership or other rights to use the name All-Fill International Limited (whether in relation to the company or otherwise).”*

220. Query 4.9 in the same enquiry document requested, ‘Details of licencing or franchising arrangements in relation to the name All-Fill International Limited (whether or not in writing)’.

221. The reply document was signed on 18 October 1993 by Mr Head and answered those questions as follows:

*“As you will know, All-Fill Inc [US] have approved the use in the UK by the Company of the words ‘All-Fill’. There is absolutely nothing in writing.”*

And

*“Again, there is nothing in writing. Mr Watts will know the extent to which the name ‘All-Fill is used”.*

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<sup>69</sup> See exhibit CDH3

222. He confirms that ‘the Company’ means All Fill UK and by ‘you’ he was referring to Mr Watts. At paragraph 23 of his statement Mr Head submits that in dealing with documents in relation to this acquisition, he took account of the fact that the purchasing company was wholly owned by Mr Watts, “who was well aware of all of the background facts about the company’s business”.

223. The final agreement for the sale of 5000 shares in All Fill UK by All Fill US to Mr Watts’ company, is dated 24 November 1993. Following the sale, All Fill US retained a 5% share in All Fill UK, Mr Watts held 51% of the shareholding. Clause 4.3 of the final agreement reads:

*"The Transferor [All Fill US] acknowledges that the Transferee [M&R 574 Limited] shall have and that All-Fill International Limited **shall continue to have the right to use the name ‘All-Fill’** both as a corporate name and in connection with the sale of the Products following Completion."* (emphasis added by Mr Head).

224. Mr Head says that this “*reflects the long established and well-known position in relation to the licence of the "All Fill" name by All Fill US to All Fill UK and confirms that such licence shall ‘continue’ in force following the date of the sale of the All Fill UK shares.*”

225. In terms of his negotiations with Mr Head, Mr Watts submits that:

*30...Chris Head specifically gave warranties, amongst other things, that: "The Company [All Fill UK] has not been granted any licence or right under or in respect of any Intellectual Property Rights of a third party and has not...sold... anything which is the subject of any such Intellectual Property Rights... ".<sup>70</sup>*

226. He further submits that the only disclosure made in respect of this warranty was: *"There will be copyright considerations in respect of drawings for construction of*

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<sup>70</sup> See MRW7.2, Chris Head 1993 Sale Agreement.

*machines and operating manuals. The Company [All Fill UK] claims that copyright in the machine drawings belongs to it as shown in the Disclosure Letter.”*

227. The position in 1993 was that the agreements from 1984 and 1985 were not signed and there was no formal agreement between All Fill UK and All Fill US. However, there was a verbal agreement, carried out as ‘a gentleman’s agreement’ in accordance with the relevant factors outlined in Wadlow, meaning that All Fill UK operated under a licence from All Fill US.

228. Mr Watts provides details of the 1993 agreement entered into by his business and All Fill US when he took over from Mr Head as the managing director of All Fill UK. In terms of division of the relevant territories, the parties do not appear to disagree. Clause 4.3 of that agreement is the most relevant part for the purposes of this case, being the part on which the parties disagree. I reproduce Mr Watts’ evidence on this issue in full:

*“27...Under clause 4.3, All-Fill [US] acknowledged that All-Fill International shall have and that All-Fill Limited would continue to have the right to use the name "All-Fill" both as a corporate name and in connection with the sale of this machinery and equipment after the transfer of the shares referred to in paragraph 27.1.*

*28. It should be noted that clause 4.3 of the 1993 Agreement simply acknowledged All-Fill [Limited]’s continued right to use the name "All-Fill" and All-Fill [International’s] future right to use this name. Other than this clause, the 1993 Agreement contained no provisions relating to the respective rights in this name by All-Fill US, All-Fill International and All-Fill and, in particular, contained no licence provisions relating to this name.*

...

*30. I note that under the Chris Head 1993 Sale Agreement, Chris Head gave warranties as noted in paragraph 23 above. These further included a warranty that ["All Intellectual Property Rights used or required by the Company in connection with its business ... are vested in and beneficially owned by the Company free from and clear of any restrictions or*

*encumbrances and (where registration is possible) the Company is registered as proprietor thereof and to the best of information, knowledge and belief of the Vendor no person has made any claim adverse to the continuing enjoyment by the Company of the benefit of such registration".]* There was a specific disclosure relevant to that warranty, namely: "To deal with the name All-Fill - the logo has not been registered as a design." <sup>71</sup>

229. He concludes:

*"It is clear to me that Chris Head, who had been with the company since it took on this business had the view that All-Fill '90 owned any relevant trade mark rights (in the Territory) in the name All-Fill at the time of the share sale in November 1993. Moreover, the "Purchasers" (as defined in the Chris Head 1993 Sale Agreement) paid a sum of just under £300,000 as consideration for the purchase of Chris Head's shares, representing 66.5% of the Company – so valuing the Company at significantly above its then fixed asset value. I believed, and believe it is inconceivable that the Purchasers would not have understood at that time, that the Company had substantial goodwill in the name 'All-Fill' and the full rights in the company name and trading name All-Fill in the Territory arising from the Company's use of the name up to that date."*

230. At paragraph 60 of his second witness statement, Mr Watts submits:

*"I was intimately involved in the business of All-Fill International. It is not however true that I was aware that All-Fill International used the All Fill name with All-Fill Inc's consent, "as its licensee". Almost all of my knowledge about All-Fill International came from the close working relationship with Chris Head, but as he never mentioned any licencing arrangement there was virtually no way in which I could have known about any alleged licensing arrangement."*

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<sup>71</sup> See exhibit MRW7.1

231. At paragraph 69 of his second statement Mr Watts submits:

*“Mr Head states, “the agreement ... reflects the long-established and well-known position in relation to the licence of the “All Fill” name by All Fill US to All Fill UK”. This is not the position and indeed if Chris Head had believed this to be true at the time, why would Mr Head warrant that there were no licences.”*

232. Mr Watts submits that by 1993 All Fill UK was manufacturing and selling a comprehensive range of semi-automatic and automatic auger fillers because each application had to meet the specific requirements of each customer (as well as EU regulations) and All Fill UK employed a design team for that purpose.

233. In the skeleton argument of All Fill US it is accepted that All Fill UK traded under the name. The dispute is to the *capacity* in which it did so – as owner of the goodwill or as informal licensee of the US company? It submits:

*“45 c. All Fill UK relies heavily upon the 1993 Agreement, which was drafted by All Fill UK’s solicitors, but clause 4 of the Agreement does not support UK’s case. It shows that the parties intended the pre-existing arrangements to continue with the new All Fill UK, in terms of division of territory, sharing of know-how etc and the trade mark position. Clause 4.3 shows only that All Fill US acknowledged that the UK company would continue to have the right to use the ALL FILL name. It reflects the pre-existing licence to the old All Fill UK...”*

234. It concludes:

*“The point is not what the parties’ or one party’s intentions were at the time, but what the Agreement says. It does not say that All Fill UK owned the name or had the right to use it as owner. Indeed, had that been the position, that clause would not have been needed, or would have been in very different terms, more like Clause 4.2, reflecting the (alleged) split ownership of the mark in the different territories.*

*On the contrary, the clause can only be construed as referring to a licence acknowledged by All Fill US. It was plainly responsive to the disclosure given by Mr Head of the informal licence from All Fill US,<sup>72</sup> and sought to put that licence into writing, even if in the most minimal and, doubtless intentionally, non-contentious terms.”*

235. The clause reads:

*“All-Fill International Limited [All Fill UK] shall continue to have the right to use the name ‘All-Fill’ both as a corporate name and in connection with the sale of the Products following Completion”* (my emphasis added).

### **The parties’ relationship following the 1993 agreement**

236. The parties disagree over the extent to which All Fill US was involved in the All Fill UK business following the 1993 agreement.

237. Mr Watts submits in his evidence in reply that, *“...certainly from the time of my involvement in 1992, All-Fill Inc were little involved in the business of All-Fill International, and...they made little contribution in terms of assistance or assets and did not seek to exercise any control. In so far as All -Fill Inc. did engage with All Fill [UK], as far as I was concerned this was on an arm’s length basis.”*

238. Mr Edginton submits that in order to continue to support All Fill UK:

*“All Fill US was willing to accept to sell its shares at a significant discount (All Fill US received £9.60 per share and Mr Head received approximately £39.91 per share sold) on the basis that the effective joint venture relationship and the collaboration and licence of the All Fill name would continue for years to come, including for the benefit of All Fill US's UK, EU and global brand.”*

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<sup>72</sup> See Mr Head’s first witness statement, paragraphs 28-31.



239. He further submits that following the 1993 agreement close collaboration continued with support from All Fill US in terms of know-how, technical expertise, software provision and payments towards All Fill UK's trade show costs.

240. He points to the following factors in support of the close collaboration since 1993:

- All Fill US staff visiting the UK and supplying/licensing proprietary software in 1995 and 1996.<sup>73</sup>
- Software being provided by All Fill US to All Fill UK over a number of years following 1993, either for free or at a very reduced price.
- Such discounts would not be standard commercial approach towards a separate business but reflects the close licensor/licensee relationship.

241. Mr Edginton refers to a number of collaborations on overseas sales where both All Fill US of All Fill UK supplied machines in the other sides geographic territory.<sup>74</sup> With regard to marketing materials, Mr Edginton submits that All Fill UK did not begin using their own images to market their machinery until sometime in the mid-2000's. Until that time, All Fill UK used All Fill US marketing material and images to (at least) contribute to their own marketing materials.

*“All Fill US gladly supplied these images and marketing materials to All Fill UK to support and help market their operation (as was reasonable to do as the licensor of the All Fill name)...We hired photographers and we had a marketing team to develop leaflets and brochures. We had programmers that helped the All Fill UK with code and machine controls. We did so, because we wanted to see All Fill UK succeed, it was the whole purpose of the joint venture as set out in the witness statement of Mr Head.*

*Nothing changed in this respect or in our conduct vis-a-vis All Fill UK following the sale of shares in 1993. Mr Watts is using our images and marketing materials as his exhibits in these proceedings...”*

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<sup>73</sup> Mr Ha Dinh's witness statement.

<sup>74</sup> See REX13.1

242. Mr Edginton submits in his evidence in reply that a number of the customers Mr Watts claims to be All Fill UK customers had previously established relationships with All Fill US, leading Mr Edginton to conclude, *“which in my view enabled All Fill UK to build relationships with the same companies.”*

243. The companies Mr Edginton refers to are:

Abbott Laboratories, Custom Packaging Ltd, Glanbia Nutritional, GSK, Life Technologies, Pfizer, Univet, Brother Industries, Ciba-Geigy Pigments, Coates Electrographics, Dela camp, Dentsply, Diversey, Dobby, Dupont, HB Fuller, Pfizer, Procter & Gamble, Reckitt Benckiser, Ricoh, Static Controls, Avon Cosmetics and Proctor & Gamble.

244. Mr Watts describes the ongoing relationship as follows:

*“40. All-Fill [UK] and All-Fill [US] have however enjoyed a mutually beneficial relationship since 1993, sharing technical and commercial information such as machine designs and marketing information, having reciprocal factory visits around every three to five years (mainly by the senior management of both companies) and up to 2014, sharing the costs of exhibiting at the global Interpack Exhibition which takes place every three years in Germany (with All-Fill [UK] paying 66% of the cost because around two thirds of the visitors are usually from our territory), and occasionally purchasing a few minor technical components from each other (at a cost which was normally no more than 5% of the machine price). However, this has at all times been an informal arrangement and there has been no formal written agreement with All-Fill [US] other than the 1993 Agreement.”*

245. The breakdown in communication between the parties, which began in 2016 has little bearing on the issue of goodwill other than the fact that it resulted in both parties being clear as to their own and the other side’s view of the matter. All Fill UK maintains that by 2016 it had traded on its own account for over 30 years and was entirely independent of the US company. All Fill US maintains that the original unwritten

licence agreement is still in force, having not been assigned and not having abandoned its goodwill in the UK and that as such, All Fill UK accrued goodwill which is owned by All Fill US.

246. The only specific mention of goodwill in All Fill UK was referred to first by Mr Watts in his witness statement in which he says:

*“44.7.4 During the course of the discussions referred to in paragraph 42, [the initial correspondence in April 2016 in which All Fill US expressed an interest in buying All Fill UK] Ryan Edginton explained that All-Fill Inc's proposed purchase price for All-Fill International included an amount of £3 million as a "goodwill figure". In my view, this clearly related to the value of the "All-Fill" name and All-Fill Inc would hardly have offered to pay this amount for the goodwill had it believed it owned this name in All-Fill [UK's] territory.”*

247. In his evidence in reply Mr Ryan Edginton responds to this point in the following terms:

*“24.iv. In paragraph 44.7.4 of Mr Watts' witness statement, he claims that in the course of the discussions in 2016, which were referred to in paragraph 39 of his witness statement, I had said that the purchase price" for All Fill UK "included an amount of £3 million as a "goodwill figure". This statement is entirely misleading. First, "goodwill", from an accounting perspective and in the context of an acquisition, is the difference between the purchase price and the fair value of the target company's identifiable assets. This accounting treatment of goodwill is far wider than goodwill in reputation or in rights for passing off. Attributing a value to "goodwill" is not inconsistent with asserting ownership of the relevant trade marks, which is what we have done.”*

248. Mr Edginton makes three further points on the goodwill issue which are that firstly, Mr Watts first raised the issue of a goodwill payment, secondly, the heads of terms for the acquisition of All Fill UK did not mention goodwill<sup>75</sup>, and thirdly:

*“...all of our references to such goodwill in correspondence during that period were simply an attempt by us to match the price and terms offered by FPE Global Limited, which is what Mr Watts had asked us to do and had assured us, on many occasions, he would accept if we did.”*

### **The ownership of goodwill from 1993**

249. Having carefully considered all of the evidence and submissions in this case I find that the essence of the 1993 agreement was that Mr Watts would be the majority shareholder in All Fill UK, with All Fill US maintaining a 5% share. The parties formally agreed that they would trade in different territories, with All Fill UK trading in the UK. By this time, it would appear from the evidence, that All Fill UK was making the majority of the machines sold in the UK and the EU, not least because they had to meet EU standards. Technical support by All Fill US to All Fill UK in respect of control systems was reducing and, in any case, does not appear to be any more than would have been provided by a third party supplier. The control systems were rebadged to show All Fill UK as the undertaking responsible for them, and the same is true of the machines provided by All Fill UK to customers in, at least, the UK. The parties' attendance at trade shows was a joint collaboration aimed at international audiences and is consistent with a collaboration rather than a licence, particularly as costs were split along the lines of the expected geographical mix of attendees and the evidence is that All Fill UK dealt with UK customers (and customers from their other territories) and All Fill US dealt with, inter alia, US customers.

250. All Fill UK was evidently profitable by 1993, yet there is no evidence of licence payments from All Fill UK to All Fill US. I am unclear as to what All Fill US was being given in return for its licence. I find that the verbal agreement with implied terms which existed between All Fill US and All Fill UK when it was established as a joint venture

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<sup>75</sup> See REX15.

partnership in 1984 was ended by the 1993 agreement, which coincided with All Fill US selling the majority of its shares in All Fill UK. Mr Watts made reasonable enquiries of Mr Head concerning the intellectual property rights of All Fill UK and was given the following warranty:

*"All Intellectual Property Rights used or required by the Company in connection with its business ... are vested in and beneficially owned by the Company free from and clear of any restrictions or encumbrances and (where registration is possible) the Company is registered as proprietor thereof and to the best of information, knowledge and belief of the Vendor no person has made any claim adverse to the continuing enjoyment by the Company of the benefit of such registration".*

251. I have no doubt that All Fill US intended the earlier relationship it had with Mr Head to continue when Mr Watts took over the company. However, there are two reasons why I find this is not the case. Firstly, the agreements on which the joint venture partnership was based were not signed and are not legally binding. It is the evidence of Mr Head and All Fill US that they traded on the basis of those agreement that has led me to conclude that that was indeed the position from 1984 to 1993. Secondly, Mr Watts was not privy to the verbal agreement between Mr Head and All Fill US, nor was it brought to his attention during the sale of shares from Mr Head to Mr Watts. Mr Head relies on the responses he made to the initial questions from the purchaser (Mr Watts) in which he said that Mr Watts knew the basis on which the parties traded. However, these responses do not establish what Mr Watts knew about the relationship with All Fill US. Mr Watts submits that he did not know of any pre-existing licence arrangement. The fact that Mr Watts worked for All Fill UK prior to his purchase of the majority of shares in the company does not mean that he had knowledge of unsigned documents prepared nine years earlier, when All Fill UK was established. Furthermore, having received the final written warranty from Mr Head, which I have reproduced at paragraph 250 above, Mr Watts was clearly entitled to rely on the fact that All Fill UK was the beneficial owner of the goodwill it had generated. Furthermore, the clear terms of Mr Head's warranty to Mr Watts, that all intellectual property was owned by the UK company, stands in stark contrast to his evidence that

Mr Watts knew that the trade name of the company was used under licence from All Fill US.

252. I find that the implied licence was ended by the 1993 agreement and that following that date All Fill UK used the All Fill name on its own account.

### **All Fill UK's goodwill in the UK**

253. Mr Watts submits that by 1993 All Fill UK was manufacturing and selling a comprehensive range of semi-automatic and automatic auger fillers because each application had to meet the specific requirements of each customer (as well as EU regulations) and All Fill UK employed a design team for that purpose.

254. With regard to sales figures Mr Watts says that between 1994 and 2004 All Fill UK turned over approximately £1 million per year in the UK under the signs All Fill and All Fill International. Detailed figures have been provided from 2004 to 2017 and these show sales in excess of £1 million per year, with the exception of April 2007 – March 2008 and April 2009 – March 2010 when the figures were £836,130 and £968,969 respectively.

255. Mr Watts says of these figures that 15% of turnover relates to the sale of spare parts and repair and maintenance of auger filler machines.

256. It is clear from both parties' evidence that the nature of the auger filler industry is such that most sales are generated through attendance at trade shows. Mr Watts has shown regular attendance at such shows and has provided evidence of brochures given out at such events which outline the types of machines available and the range of customisations that can be made for particular manufacturing and packaging sectors.

257. It is clear from the evidence that both the UK and US companies continued to work closely together following the agreement signed in 1993. At various points in both sides' evidence this is accepted. Given the nature of the companies and the way in which All Fill UK was established, this is not surprising. What is not agreed is the nature of that relationship.

258. Having scrutinised the evidence carefully, I find that following the 1993 agreement All Fill UK manufactured increasing numbers of its own machines to EU standards, and by the mid-2000s the UK marketing literature was created by the UK company using its own material. That literature was made available to All Fill UK's customers, including UK customers, at trade shows and on its website. The goods bore All Fill UK's name and its UK address and I note that examples of plates fixed to machines show that they included the words MADE IN BRITAIN.

### **All Fill US's trade mark registration 3175065**

259. All Fill US's trade mark was applied for on 17 July 2016. All Fill UK opposes the trade mark relying on the sign ALL-FILL. I have found that by the date of application All Fill UK had protectable goodwill in the UK in the sign All Fill for auger fillers, parts and repair and maintenance of those machines.

It is clear from the evidence that All Fill UK had been operating independently for at least 13 years by the relevant date. All Fill US had agreed to target different markets during this time. Consequently, although All Fill US claims to have made occasional sales to UK customers after 1993, these were likely to have been exceptional and intermittent. In these circumstances, the UK goodwill held by the US company was likely to have dissipated over time to the point where, by 2016, the name All-fill was distinctive in the UK only of the UK company. This is consistent with the evidence from customers set out in paragraphs 68 and 69 above. It is true that this evidence comes from only two customers. However, it is notable that All Fill US has not filed any evidence from UK customers supporting its claim that All Fill is distinctive of it in the UK.

260. Assuming use of the registered trade mark by All Fill US in respect of identical goods and services, such as repair and maintenance of the same machines, I find that a substantial number of the relevant public would have been deceived at the relevant date, which is the date of application, namely 17 July 2016.

261. With regard to damage, I note that in *WS Foster & Son Limited v Brooks Brothers UK Limited*,<sup>76</sup> Mr Recorder Iain Purvis QC stated:

“Damage

55 Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark. Mr Aikens accepted that if there was a misrepresentation in the present case, then he had no separate case on damage. I hold that damage is inevitable, at least in the sense recognised in *Sir Robert McAlpine v Alfred McAlpine* [2004] RPC 36 at 49 (the ‘blurring, diminishing or erosion’ of the distinctiveness of the mark).”

262. I find that to be the case here. All Fill UK generated its own goodwill in the UK from 1993 and by the date of application in the UK by All Fill US, All Fill UK had a protectable goodwill in the UK in that sign. Clearly, it follows that use of the same sign for the same goods in the UK by All Fill US would have resulted in damage to All Fill UK through, at least, loss of control of the sign and loss of sales.

263. The invalidation succeeds under section 47(6) and 5(4)(a) of the Act.

### **The 3(6) ground**

264. Section 3(6) of the Act states:

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

265. In its skeleton argument, All Fill UK submits:

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<sup>76</sup> [2013] EWPC 18



*“51. It is clear in this case that All-Fill Inc. was aware of All Fill International’s long-standing use of the mark, and of its goodwill and reputation. Moreover, in 1993 it had specifically acknowledged All Fill International’s right to continue to use the name. Furthermore, All-Fill Inc had no business in the UK for the reasons explained above.*

*52. It can therefore be seen that All-Fill’s registration of the UK mark under consideration was opportunistic and done with a view to blocking All Fill International in some way. There are limits to how successful such a blocking can be given All-Fill Inc’s acknowledgment of All Fill International’s right to use in 1993. But at the very least one effect of the “blocking” is to present an obstacle to All Fill International’s application to register as All-Fill Inc now seeks to do.”*

266. The only points raised by All Fill UK seem to be that All Fill US knew of the UK company and acknowledged All Fill UK’s right to use the name All Fill. It concludes from that that All Fill US’s motivations were to block All Fill UK ‘in some way’. A claim under bad faith is a serious one and must be distinctly proven by the party seeking to rely on it.

267. The first point is obvious, this entire dispute rests on the relationship between these two parties so they clearly knew of each other. Both accept that at various points they worked closely together.

268. The second point, namely, the right to use the All Fill name and the capacity in which it was used, is the basis of the case brought under section 5(4)(a) of the Act.

269. All Fill UK has not provided any evidence to show that All Fill US intended to ‘block’ its activities. Furthermore, it is clear to me, from the considerable volume of evidence provided by both sides, that they both believed that they owned the goodwill in the All Fill sign at the point at which they filed their respective trade mark applications. It is for All Fill UK to distinctly prove that All Fill US acted in bad faith in applying for its UK trade mark and it has not done so.

270. Consequently, the application under sections 47(6) and 3(6) of the Act fails.

**Conclusion:**

**271. The invalidation has succeeded under section 5(4)(a) of the Act. The subject registration is hereby declared invalid. Under the provisions of section 47(6) of the Act, it is deemed never to have been made.**

**All Fill UK's application 3218634**

272. For the purposes of its opposition to All Fill UK's trade mark application, All Fill US relies on two earlier trade marks. The first of these is its now invalidated registration 3175065. Clearly it can no longer rely on that mark. The second mark it relies on is its EU trade mark 015665532, which is subject to a request for cancellation before the EUIPO.

273. All Fill UK requested by a letter dated 29 November 2017 that if the contested EU mark were to be determinative of opposition 409591, the proceedings be stayed to await the decision on that mark at EUIPO. In an email dated 10 January 2019, All Fill US wrote to this tribunal in the following terms:

*"We agree with All Fill UK if the opposition based on the UK mark fails, but the opposition based upon the EUTM succeeds, in whole or in part, that part of the decision should be stayed..."*

274. Given my findings earlier in this decision, All Fill US's EU trade mark 015665532 is the only mark on which it can rely for the purposes of opposition 409591. All Fill UK (the applicant, for these purposes) accepts that the competing marks are highly similar and accepts that some of the goods are identical. Clearly, bearing in mind the relevant legislation and case law for determining a likelihood of confusion between two marks, there is likely to be a degree of success for All Fill US, relying on its EU mark. Consequently, I will stay opposition 409591 to await the outcome of the opposition against EUTM 015665532.

## **COSTS**

275. All Fill International Limited has been largely successful and is entitled to a contribution towards its costs in respect of invalidation proceedings under number 501783. I award costs on the following basis:

Official fee:	£200
Preparing a statement and considering the other side's statement:	£300
Preparing evidence and submissions and considering evidence and submissions:	£1000
Preparation for and attending a hearing:	£800
Total:	£2300

276. I order All Fill Inc. to pay All Fill International Limited the sum of £2300. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated 5 August 2019**

**AI Skilton  
For the Registrar,  
The Comptroller-General**