

O/030/21

TRADE MARKS ACT 1994

TRADE MARK REGISTRATIONS 3177091 AND 3177362

IN THE NAME OF WALSALL CONDUITS LIMITED

AND

APPLICATIONS 502691 AND 502692

BY SHIFTEC (WILLENHALL) LIMITED

FOR THE TRADE MARKS TO BE DECLARED INVALID

Background and pleadings

1. Walsall Conduits Limited (“the proprietor”) is the proprietor of registered trade marks 3177091 and 3177362. The applications to register the marks were filed on 28th and 29th July 2016, respectively (“the relevant dates”). The same trade mark is covered by both these registrations. It is shown below.



2. The '091 registration covers the following goods in class 6:

Metal building materials; pipes and tubes of metal; metal conduits; conduits; lock nuts; saddle clamps; steel crampets; metal screws; metal studs [other than for football boots, clothing or vehicle tyres]; metal hooks; stocks [metal hardware]; washers [metal hardware].

3. The '362 registration covers the following goods in class 9:

Electrical connection boxes; electrical junction boxes; terminal boxes [electrical]; electrical distribution boxes; cable boxes; electrical branch boxes; electric fuse boxes; electrical switch boxes; fittings for electrical boxes; electrical socket boxes; electric adaptors; electric conduit tubes, bends, elbows, tees; bushes [electricity]; electric couplings; cable covers [conduits]; electric outlet covers; flexible electrical conduits; fittings for electrical conduits; connectors [electricity]; electrical plugs; cable glands; reducers [electricity]; rings [electricity]; fire extinguishing apparatus.

4. Shiftec (Willenhall) Limited, formerly Liberty Engineering (Willenhall) Limited, and before that Liberty Tube Fittings Limited (“the applicant”), applies under section 47(1) of the Trade Marks Act 1994 (“the Act”) for the registrations of the contested trade mark to be declared invalid and cancelled. The applicant’s case is based on section

3(6) of the Act; it claims that the contested mark was registered in bad faith. The applicant's formal pleading is set out below.

“Walsall Conduits Limited, the proprietor of the contested registration, acquired Confidential Information concerning the proposed registration and use of the trade mark WALSALL CONDUITS by the Applicant's predecessor in title (the "Confidential Information"). The subject trade mark application was filed by the registered proprietor by misusing the Confidential Information and with the aim of deliberately disrupting the Applicant's confidential plans and interests in and in relation to the mark WALSALL CONDUITS.

The registered proprietor has subsequently filed an opposition to the Applicant's EU trade mark application for the mark WALSALL CONDUITS as well as issuing legal proceedings in relation to the registration of the WALSALL CONDUITS trade mark and to prevent the use of this mark by the Applicant and its affiliated entities in other jurisdictions. In this case, the registered proprietor's motives in registering the trade mark at issue have been to injure the business of the Applicant and its affiliated entities, and also to take advantage of the rights and interests of the Applicant and its affiliated entities in the name WALSALL CONDUITS so as to compete unfairly with them, including by preventing the Applicant and its affiliated entities from registering and using this trade mark.”

5. The proprietor filed counterstatements denying the applicant's ground for invalidation and putting the applicant to proof of its claims.

6. Both sides seek an award of costs.

Overview of the evidence

7. The applicant's evidence consists of three witness statements by Mr Richard Botting, who is the Chief Executive Officer of Liberty Building Solutions FZE Limited. This company and the applicant are part of the Liberty House Group of companies, which specialises in commodities, metals recycling, and the manufacture of steel,

aluminium and engineering products. Between 2011 and 25th February 2016, Mr Botting was employed by Caparo Middle East Limited (“CME”), which is based in the United Arab Emirates (UAE). It is described as a branch of Caparo Management S.A. (a Swiss company). Mr Botting was the General Manager of CME and later became its CEO. During the period of Mr Botting’s employment with CME, it marketed and distributed conduit tubing and related products in the Middle East under the mark BARTON. These goods were made in the UK by Caparo Precision Tubes Limited (a member of the Caparo Group). During his time at CME Mr Botting came up with the idea of exploiting a “*phantom brand*” called Walsall Conduits in the UAE. The existence and ownership of a “*confidential business plan*” based on Mr Botting’s idea is at the heart of the dispute between the parties.

8. The proprietor’s evidence consists of two witness statements by Mr David Roberts and one by Mr Suraj K George. Mr Roberts took over as CEO of CME in April 2016 following Mr Botting’s resignation as CEO in February 2016. His evidence also goes mainly to the existence and ownership of the alleged “*confidential business plan.*” According to Mr Roberts, there was no ‘plan’, just an idea. And a contemporaneous email shows that the idea was abandoned in February 2015.

9. Mr George is the Finance and Admin Manager of CME. His evidence replies to statements made by Mr Botting to the effect that CME, or Mr Roberts, hold records from 2015/16, specifically on a laptop computer supplied to him by CME, showing that the alleged “*confidential business plan*” was not abandoned. Mr George gives evidence that Mr Botting’s mobile computer was ‘*formatted*’ after he left the employment of CME. Consequently, no records were retained on that device when it was re-allocated to his successor, Mr Roberts.

The facts that are not in dispute

10. Before turning to the law and examining the legal grounds for invalidation, I will make findings of fact. It is convenient to start by setting out the facts which do not appear to be in dispute or, at the least, are not seriously disputed.

11. BARTON is an established trade mark in the UAE for metal conduit tubing products. Between 2011 and October 2015, CME's main business was to market and distribute BARTON and other metal products in the Middle East made by the Caparo Group in the UK.

12. On 19th October 2014, while working for CME, Mr Botting emailed Mr Matthew Hyland, the Group Legal Manager at Caparo Industries Plc ("CI"), with a proposal to exploit the name WALSALL CONDUITS. He had noticed that this name occasionally appeared as an approved brand on approved vendors lists in the UAE. However, no trader offered products under the name in that territory. Mr Botting thought that products may have been produced in the West Midlands under the WALSALL name in the 1970s. And even though such products had long since ceased to be available, the name remained on approved vendors lists. He thought this represented an opportunity to sell additional metal conduit tubing products in the UAE under the WALSALL CONDUITS mark. In effect, it would give a potential seller of BARTON and WALSALL products two bites at the cherry. The following month CI applied to register the mark in the UK and Ireland. The Irish application was successful. However, the examiner of the UK application objected to it on the basis that the mark was descriptive of conduits made in Walsall and, therefore, non-distinctive. Following a request from CI dated 27th January 2015, the UK application was withdrawn on 2nd February 2015. On 1st February 2015, Mr Botting emailed Mr Hyland proposing that WALSALL CONDUITS should be registered in the UAE in the name of CI. Although Mr Botting claims that it remained the intention to file such an application, no such application had been filed by October 2015.

13. In October 2015, CI along with Caparo Precision Tubes Limited and various other members of the Caparo Group, were placed in administration.¹ After the Caparo Group of companies went into administration, CME ceased to market their products in the Middle East.

14. In December 2015, the applicant (then called Liberty Tube Fittings Limited) acquired the intellectual property rights of CI. This included any rights to the

¹ The companies placed in administration did not include CME

WALSALL CONDUITS trade mark. The Irish trade mark registration described above was therefore transferred to the applicant. The transfer also included (1) any rights that existed in the UK application filed on 25th November 2014 to register the same mark (which had been abandoned), and (2) any rights that existed in confidential information, including know-how and trade secrets.²

15. Neither CI, any other member of the Caparo Group, or any member of the Liberty Group of companies, had marketed metal conduits (or any other products) under the WALSALL trade mark prior to the relevant dates.

16. A sister company of the applicant called Liberty Precision Tubes Limited acquired from CI the rights to the trade marks BARTON, LONGMORE and HAYES, all of which had been registered in the UK (and other places).³

17. WCL was incorporated in July 2016 with David Roberts as its sole director/shareholder. Later the same month, WCL filed UK applications to register the contested mark with the intention of licensing CME to use the trade mark. The shares in WCL were subsequently transferred to Caparo Management S.A. WCL is a non-trading company. Its sole asset is the WALSALL CONDUITS trade mark. On 27th January 2017, WCL granted CME an exclusive licence to use the contested trade mark in the UAE and certain other countries in the Middle East.⁴

18. On 7th February 2017, WCL applied to register the contested mark in the UAE in class 6. The mark was registered in January 2018.

19. On 16th February 2017, Liberty Precision Tubes Limited made two applications to register WALSALL CONDUITS in the UAE in classes 6 and 9. The application in class 6 was abandoned following opposition by WCL. The application in class 9

² See the Assignment of Intellectual Property dated 10th December 2015 at pages 101 to 126 of exhibit RB2 and the Confirmatory Intellectual Property Assignment dated 15th November 2016 at page 50 of exhibit RB1

³ With effect from 29th February 2016 via assignments from CI to Simec Industries PTE Ltd dated 27th November 2015, from Simec Industries PTE Ltd to CS Management Services Ltd on 28th February 2016, and from that company to Liberty Precision Tubes Limited the following day.

⁴ See pages 131 to 145 of exhibit RB2

proceeded to registration. The parties are currently involved in litigation in the UAE in which each of them contests the validity of the other's trade mark registration.

20. On 1st January 2018, CME signed an agreement with a Chinese company for the supply of WALSALL branded metal conduits and related accessories. CME has since marketed such products in the Middle East.

The disputed or non-agreed facts

What did David Roberts know about the alleged 'confidential information' at the relevant dates?

21. In early 2016 after the Caparo Group had been placed in administration, CME found itself as a distributor of metal goods in the Middle East with no brands or products to market. The timing of Mr Roberts' appointment as CEO of CME in April 2016, coupled with the incorporation of WCL in July 2016 and, later the same month, the UK applications to register the contested mark, point strongly to Mr Roberts (and therefore WCL) having knowledge of Mr Botting's idea to exploit WALSALL CONDUITS as a brand in the Middle East. Indeed, although Mr Roberts disputes that the idea amounted to a business plan or was confidential, he does not expressly deny having had knowledge of Mr Botting's idea. One of the exhibits to Mr Roberts' first witness statement is a copy of an email dated 12th February 2015 from Rajnish Kapoor (then Chief Operating Officer of CME) to Mr Botting telling him that he preferred HAYES to WALSALL as a new brand for a conduit product.⁵ Mr Roberts' access to this email shows that he has access to at least one document held by CME in which the idea of marketing metal conduits and related products in the Middle East under the brand WALSALL CONDUITS is recorded. As CEO of CME, he would have had access to this document at the relevant dates. I therefore find that Mr Roberts and, by extension, WCL knew about Mr Botting's idea at the relevant dates.

⁵ See exhibit DR2

What did David Roberts know at the relevant dates about CI's interest in exploiting the idea?

22. According to Mr Botting, metal conduits and related products manufactured in the UK were perceived in the Middle East as being of higher quality than competitive products made elsewhere, including China. BARTON products were made in the UK (by Caparo Precision Tubes Limited). It was therefore considered helpful for the BARTON brand to be owned by a UK company. Mr Botting says that “*generally speaking*” CI owned the IP of the Caparo Group. The same rationale indicated that the WALSALL CONDUITS brand should be owned by CI. Thus, the UK and Irish trade mark applications to register WALSALL CONDUITS were filed in the name of CI. Mr Botting says that he agreed with CI that it should own the WALSALL CONDUITS trade mark and, as CEO, he also agreed that it should own what he calls “*the Confidential Walsall Business Plan.*”

23. The applicant contends that as CEO of CME, Mr Roberts would have known that CI had transferred its business, trade marks and other IP, including “*the Confidential Walsall Business Plan*” to the Liberty House Group of Companies. In support of this submission the applicant relies on (1) an assignment dated 27th November 2015 transferring Caparo Precision Tubes Limited’s business in steel conduits and steel fittings to the applicant’s sister company,⁶ (2) assignments of intellectual property dated 27th November 2015 and 10th December 2015 from CI (directly or indirectly) to the applicant. These assignments covered any rights that existed in the BARTON, LONGMORE, HAYES and WALSALL CONDUITS marks, as well as any rights to confidential information, and (3) a screenshot of the LinkedIn page of the person who was the Chief Financial Officer of CME in March 2016 (who I shall refer to as Mr L) in which he records that:

“In March 2016, the [Caparo] group disposed of the rights to produce and sell CME's market-leading brands of steel conduits and cable management systems, which lead to the departure of the then CEO and COO. My role quickly became the lead in a turnaround project to retain key staff, instill

⁶ See the Business and Assets Sale Agreement at pages 2 to 37 of exhibit RB2

confidence in our customers, on-board a new CEO, source a new supply chain, and launch a new 'Caparo' branded product range into the market...."

24. The applicant says that if Mr L knew that the Caparo Group had disposed of its trade marks and business, then so too would the new CEO of CME, Mr Roberts.

25. Mr Roberts denies that he knew at the relevant dates about the assignments relied on by the applicant. In any event, he points out that WALSALL CONDUITS was not a *"market-leading brand"* at the time, so it cannot be inferred from what Mr L has written on his LinkedIn page that he was aware that any rights existed in WALSALL CONDUITS.

26. I accept that, at the relevant dates, Mr Roberts is likely to have known the same things Mr L knew. I therefore accept that he knew that the rights to produce and sell the market-leading brands CME had been selling, i.e. BARTON and, probably, LONGMORE, had been sold to someone else. However, the extract from Mr L's LinkedIn page does not establish that he knew who had bought the rights the Caparo Group had disposed of. The documents in evidence recording the assignments to the Liberty House Group of companies are not public documents. It is not clear from the evidence whether the Caparo Group's business in the Middle East carried on in some form despite the administration of the group, or whether there was a hiatus whilst the business was transferred to the Liberty House Group. The legal transfer of rights does not appear to have been completed until November 2016.⁷ The assignment of the Caparo trade marks was not recorded until 2017. Both these things occurred after the relevant dates. They suggest that there was a hiatus in trade under Caparo's market-leading brands. The applicant has not countered this impression by showing that it was trading under the BARTON/LONGMORE marks at the relevant dates. Taking all of this into account, I do not accept the applicant's submission that, despite the denials in his witness statements, Mr Roberts must have known at the relevant dates that the Caparo Group's business and IP had been transferred to the Liberty Group of companies.

⁷ See the Confirmatory Assignments in exhibit RB1 to Mr Botting's first statement, which are dated after the relevant dates.

27. Importantly, Mr Roberts claims that he understood that any interest in the idea of using the WALSALL CONDUITS mark had been abandoned in February 2015. In support of this claim, Mr Roberts' first witness statement included a copy of an email from Mr Rajnish Kapoor to Mr Botting dated 12th February 2015.⁸ Mr Kapoor was the Chief Operating Officer of CME at the time. The key part of his email said:

“After a lot of thought, I have concluded that naming 3rd conduit brand – HAYES gives me more weight than WALSALL.

As WALSALL now and later will be surrounded in controversy due to ownership while HAYES is mentioned on Caparo UK website as one of the Caparo brands, so clear of all doubts.”

28. Mr Botting's evidence on this point is that:

“Mr Kapoor was not directing the Confidential Walsall Business Plan's abandonment, but was directing me to focus on developing the HAYES brand at that specific point in time rather than the WALSALL CONDUITS brand. In my view that is clear enough on the face of the email, but in any event it is my clear recollection that that was Mr Kapoor's intention at the time.”

29. I do not accept that it is clear on the face of his email that Mr Kapoor was prioritising development of the HAYES brand over WALSALL rather than abandoning the plan to use the WALSALL CONDUITS brand. On the contrary, his assessment that *“WALSALL now and later will be surrounded in controversy due to ownership”* (emphasis added) strongly suggests an end to any interest in using the name. Nevertheless, according to Mr Botting's second statement *“there is significant correspondence, business presentations etc. which show that the implementation of Confidential Walsall Business Plan was still very much on the agenda following Mr Kapoor's email, and that it had not been abandoned.”* He claimed that these documents are in CME and/or Mr Roberts' control and are highly relevant to Mr

⁸ See exhibit DR2

Roberts allegation that the "idea" had been abandoned. Mr Botting called on WCL/Mr Roberts to disclose them.

30. In his second witness statement, Mr Roberts responded to Mr Botting's evidence as follows:

"The allegations made by Mr Botting in paragraph 26 of his Second Witness Statement are entirely untrue. The 'correspondence, business preparations etc.' mentioned by Mr Botting do not exist. The so-called Confidential Walsall Business Plan does not exist either."

31. Mr Botting responded to this denial in his third statement. For the first time, he identified two specific documents: (1) emails from January or February 2015 to, or from, CME's trade mark attorneys in the Middle East regarding instructions about registering the WALSALL CONDUITS brand, and (2) a 'sales strategy presentation' circulated by Mr Kapoor to CME's sales team which included actions for introducing new brands to the market and which referred to Walsall as a proposed new brand. Mr Botting says that this document was produced shortly before CI entered administration in October 2015. He justified his claim that they will be in CME's control by pointing out that they were saved on his CME laptop, which he returned to CME when he left the business.

32. This prompted the proprietor to apply on 25th September 2020 for permission to file further evidence in reply to Mr Botting's third witness statement. The registrar responded to this request on 28th September asking for clarification of the purpose and content of the proposed additional evidence. The registrar's response (which was copied to the applicant's representative) also included the following observation:

"It is noted that in para 5 of his second witness, Mr Roberts (for the proprietor) denied the existence of the Confidential Walsall Business Plan and various other documents alleged to exist by the applicant. It is also noted that the applicant has not sought an order for disclosure of any documents it believes are in the proprietor's possession."

33. Following receipt of the requested clarification, the proprietor was given leave to file additional evidence. This consisted of the witness statement from Mr George referred to above. His evidence is that “...as is common practice, Mr Botting’s laptop was formatted when it was handed over at the time Mr Botting left CME”. This means that the data on the computer was wiped before it was passed on to Mr Roberts.

34. In its written submissions in lieu of a hearing, the applicant makes a number of criticisms of Mr Botting’s evidence that no documents exist from 2015 showing continued interest in the idea of exploiting the WALSALL CONDUITS brand. These include:

- (i) Questioning how Mr Roberts was able to state in his second witness statements that no relevant documents existed before Mr George had located and checked the content of Mr Botting’s old laptop;
- (ii) Pointing out that no explanation has been provided as to how Mr Roberts came to possess the Kapoor email of 12th February 2015, despite Mr Kapoor having left CME in March 2016;
- (iii) Asserting that Mr Kapoor’s email must have been obtained from a repository containing emails between Mr Kapoor and Mr Botting, which would also include the documents identified by Mr Botting in his third witness statement;
- (iv) Alleging that the proprietor has selectively located and disclosed only those documents which suit it;
- (v) Complaining that the proprietor has not tried to obtain relevant documents from its trade mark attorneys in the UAE, or searched the laptops of CME’s sales team to check if they have copies of the ‘sales strategy presentation’ allegedly created in October 2015.

35. I do not accept these criticisms. I note that:

- (i) At the time of Mr Roberts’ second witness statement, Mr Botting had not identified any specific documents that were relevant to his call for disclosure, or indicated where such documents may be found.

Consequently, Mr Roberts cannot be criticised for denying the existence of any relevant documents before having Mr Botting's old laptop checked. In any event, Mr George's evidence is that it is common practice to format laptop computers when employees leave. Consequently, it is not surprising that the proprietor did not itself consider checking Mr Botting's old laptop for relevant documents.

- (ii) The question of how Mr Roberts came to possess Mr Kapoor's email has never been put to him in writing, or in cross examination. Consequently, he has not been given the chance to respond in evidence to the implied challenge to the truth of his evidence about the non-existence of other relevant documents. In these circumstances it is unfair for the applicant to ask me to disbelieve Mr Roberts' evidence that no other relevant documents exist, or to ask me to draw adverse inferences from his failure to explain how he came by Mr Kapoor's email.
- (iii) Similarly, the existence of a repository of emails has never been specifically put to Mr Roberts. It is unfair to make such a claim, without any positive evidence, in final written submissions. This claim appears to relate, in part, to Mr Botting's claim that email instructions were given to CME's trade mark attorneys in the UAE in January/February 2015 about registering WALSALL CONDUITS in that territory. However, none of this material has specifically been claimed to post-date Mr Kapoor's email of 12th February 2015 directing Mr Botting to focus on developing the HAYES brand instead. Therefore, even if such emails exist, I find it difficult to understand how they could assist the applicant.
- (iv) Both Mr Roberts and Mr George have filed witness statements denying that CME has the documents mentioned by Mr Botting. Further, as pointed out in the registrar's email of 28th September 2020, the applicant has not sought an order under Rule 65 of the Trade Mark Rules 2008 requiring the proprietor to disclose any documents. And despite it being pointed out in that email, the applicant still did not apply for such an order. In these circumstances, I do not accept the applicant's complaint that the proprietor has been selective about which of the documents in its possession it has chosen to file. On the

other hand, I note that Mr Botting said nothing in his first witness statement about Mr Kapoor's email of 12th February 2015. As the recipient, he must have been aware of it. The potential significance of that email to his claim that CI had an ongoing interest in exploiting the WALSALL CONDUITS brand in the UAE is obvious. Therefore, if anyone can be criticised for having disclosed the information in their possession only where it suits their case, it appears to be the applicant.

- (v) The complaint in the applicant's final written submissions that the proprietor has not sought to obtain relevant documents from its trade mark attorneys in the UAE, or from the laptops of its sales team, cannot be accepted in circumstances where (1) the applicant has not previously specifically suggested such searches, and (2) no order for disclosure has been sought.

36. I am left with Mr Botting's first hand evidence that the idea of exploiting the WALSALL CONDUITS brand in the UAE was not abandoned following Mr Kapoor's email of 12th February 2015. The only document Mr Botting has identified which could support this claim is the 'sales strategy presentation' which he says was prepared (it is not clear by who) in October 2015, shortly before CI went into administration. According to Mr Botting, the presentation recorded a continued interest in using the WALSALL CONDUITS brand in the future. However, without sight of the document, I cannot assess whether it recorded a serious on-going interest on CME's part (as opposed to just Mr Botting's part) in using the mark, or whether it was still envisaged that CI would hold any rights in the mark. There is no evidence that CI was involved in any marketing discussions at this time. According to Mr Botting's third statement, Mr Kapoor was tasked with circulating the 'sales strategy presentation' to CME's sales team. He says nothing about CI's involvement. And despite Mr Botting's email of 1st February 2015 to Mr Hyland suggesting that CI register WALSALL CONDUITS in the UAE, no such application appears to have been made by October 2015. By contrast, I note that CI applied to register HAYES as a UK trade mark in May 2015. This was 3 months after Mr Kapoor directed Mr

Botting to focus on the development of this mark as the third Caparo brand in the UAE and 5 months before the Caparo Group went into administration.⁹

37. Taking all of the above into account, I find that at the relevant dates Mr Roberts/the proprietor had no reason to know that CI retained any interest in using the WALSALL CONDUITS trade mark in the future, or that the applicant had acquired any such interest.

Did WCL intend to use the mark in the UK?

38. I find that at the relevant dates WCL/the proprietor had no intention to use the contested mark in the UK. The intention was clearly to set up the appearance of a UK-based brand owned by a UK company, and to license CME to exploit the trade mark in the Middle East.

The law

39. Section 47(1) of the Act states:

“47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).”

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

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

⁹ See the 2015 assignment documents exhibited to Mr Botting's second statement

Bad faith: the case-law

41. Although the UK has left the EU, section 6(3)(a) of the European (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

42. The relevant case-law covering trade mark applications made in bad faith can be found in the following cases: *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07, *Malaysia Dairy Industries*, CJEU, Case C-320/12, *Sky v Skykick*, CJEU, Case C-371/18, *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16), *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch), *Copernicus-Trademarks v EUIPO*, General Court of the EU, Case T-82/14, *Daawat Trade Mark, The Appointed Person*, [2003] RPC 11, *Saxon Trade Mark*, [2003] EWHC 295 (Ch), *Mouldpro ApS v EUIPO*, General Court of the EU, Case T-796/17, *Alexander Trade Mark, The Appointed Person*, BL O/036/18, *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch) and *Sky v Skykick* [2020] EWHC, 990 (Ch).

43. The law appears to be as follows:

- (a) While in everyday language the concept of 'bad faith' involves a dishonest state of mind or intention, the concept of bad faith in trade mark law must be understood in the context of trade: *Sky* CJEU.
- (b) Applying to register a trade mark without an intention to use it is not bad faith *per se*: *Sky* CJEU.
- (c) However, where a trade mark application is filed without an intention to use the mark in relation to the specified goods and services, and there is no rationale for the application under trade mark law, it may constitute bad faith. Such bad faith may be established where there are objective, relevant and

consistent indications showing that the applicant had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark: *Sky CJEU*.

(d) This may be the case where the exclusive right was sought as part of a strategy of using trade mark registrations as legal weapons for use against others in opposition proceedings and/or for the purposes of blocking applications by third parties: *Sky EWHC* and *Copernicus-Trademarks v EUIPO*.

44. The following points are apparent from the pre-Sky case-law about registering trade marks in bad faith:

(e) Although it may be a relevant factor, the mere fact that the applicant knew that another party was using the trade mark in another territory does not establish bad faith: *Malaysia Dairy Industries*.

(f) However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party wished to use the mark in future, and intended to use the trade mark registration to gain an unfair advantage by exploiting the reputation of a well-known name: *Daawat* and *Trump International Limited*.

(g) An application may also have been filed in bad faith where the applicant acted in breach of a general duty of trust as regards the interests of another party, including his or her own (ex) company or (ex) partners, or a party with whom there is, or had recently been, a contractual or pre-contractual relationship, such as a licensor, prospective licensor or overseas principal: *Saxon, Mouldpro*; or where a legal agreement prohibits such a filing.

45. The correct approach to the assessment of bad faith claims is as follows. According to *Alexander Trade Mark* the key questions for determination in such a case are:

- (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?
- (b) Was that an objective for the purposes of which the contested application could not be properly filed? and
- (c) Was it established that the contested application was filed in pursuit of that objective?

46. The applicant's intention (i.e. objective) is a subjective factor which must be determined objectively by the competent authority. An overall assessment is required, which must take account of all the factual circumstances relevant to the particular case: *Lindt*.

47. The matter must be judged at the relevant date, which is the date of the application for registration: *Lindt*.

48. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull*. Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani*.

49. A statement on the application form that the mark is in use, or there is a *bona fide* intention to use it may, if untrue, provide evidence supporting a bad faith case, but is not sufficient by itself to justify the refusal or cancellation of the registration: *Sky* CJEU.

50. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*.

51. Before turning to the matters described at paragraphs 45 – 49 above, it is necessary to make legal findings on the applicant’s claims that what it calls the ‘Walsall Confidential Business Plan’ was (1) covered by the law of confidence, and (2) owned by CI before being assigned to the applicant.

Was the WALSALL CONDUITS idea/plan covered by the law of confidence?

52. The applicant relies on Hildyard J.’s summary of the main principles defining an equitable duty of confidence at paragraphs 119 to 142 of his judgment in *CF Partners (UK) LLP v Barclays Bank PLC*.¹⁰ Paragraphs 119 to 126 are repeated below:

“119. The legal principles defining the duty of confidence are well established and there was a large measure of common ground both as to their content and as to their application.

120. Even in the absence of a contractual relationship and stipulation, and in the absence too of an initial confidential relationship, the law imposes a “duty of confidence” whenever a person receives information he knows or ought to know is fairly and reasonably to be regarded as confidential: see per Lord Nicholls (dissenting on the result, but not on this issue) in Campbell v MGN Ltd [2004] UKHL 22; [2004] 2 AC 457 at [14].

121. The subject matter must be “information”, and that information must be clear and identifiable: see Amway Corp v Eurway International Ltd (1974) RPC 82 at 86–87.

122. To warrant equitable protection, the information must have the “necessary quality of confidence about it”: per Lord Greene MR in Saltman Engineering Co Ltd v Campbell Engineering Co Ltd (1948) 65 RPC 203 at 215.

¹⁰ [2014] EWHC 3049 (Ch) at [120]

123. Confidentiality does not attach to trivial or useless information: but the measure is not its commercial value; it is whether the preservation of its confidentiality is of substantial concern to the claimant, and the threshold in this regard is not a high one: *Force India Formula One Team Limited [2012] ROC 29* at [223] in Arnold J's judgment at first instance.

124. The basic attribute or quality which must be shown to attach to the information for it to be treated as confidential is inaccessibility: the information cannot be treated as confidential if it is common knowledge or generally accessible and in the public domain. Whether the information is so generally accessible is a question of degree depending on the particular case. It is not necessary for a claimant to show that no one else knew of or had access to the information.

125. A special collation and presentation of information, the individual components of which are not of themselves or individually confidential, may have the quality of confidence: for example, a customer list may be composed of particular names all of which are publicly available, but the list will nevertheless be confidential. In the *Saltman* case (*supra*) Lord Greene MR said:

“...it is perfectly possible to have a confidential document, be it a formula, a plan, a sketch, or something of that kind, which is the result of work done by the maker on materials which may be available for the use of anybody; but what makes it confidential is the fact that the maker of the document has used his brain and thus produced a result which can only be produced by somebody who goes through the same process.”

Or as it is put in *Gurry on Breach of Confidence* (2nd ed., 2012) para 5.16: “Something that has been constructed solely from materials in the public domain may possess the necessary quality of confidentiality: for something new and confidential may have been brought into being by the skill and ingenuity of the human brain. Novelty depends on the thing itself, and not

upon the quality of its constituent parts. Indeed, often the more striking the novelty, the more commonplace its components...”

126. Further, and of particular potential relevance in this case, pieces of information which individually might appear to have limited value and marginal secrecy, in combination in particular hands, might have special composite value and confer on the recipient a considerable advantage: as was noted by the New Zealand Court of Appeal in the Arklow case when at that stage (see [1998] 3 NZLR 680 at 700 in the judgment of the majority which was affirmed by the Privy Council).”

53. Neither side suggests that this law does not apply to these proceedings because Mr Botting and CME were based in the Middle East at the time when the WALSALL CONDUITS idea/plan was created. I will therefore assume, without deciding, that the information in question was, in principle, subject to the law of confidence as it applies in England and Wales.

54. The proprietor disputes that Mr Botting’s idea amounted to a business plan. However, applying the guidance in *CF Partners (UK) LLP v Barclays Bank PLC*, I find that the commercial information consisting of Mr Botting’s idea of using the WALSALL CONDUITS name to increase the likelihood of gaining additional orders for conduit tubing and similar goods in the UAE, would have been subject to a duty of confidence. This is because although all the information he based his idea on appears to have been available to the public, his plan as to how that information could be used for commercial gain was not. The plan was therefore of commercial value. Although the value of the commercial information to CME markedly increased after the Caparo Group went into administration (leaving CME with an urgent need to find new branded products to sell), the underlying idea always had some commercial value. This is consistent with CME’s subsequent use of the WALSALL name in the UAE.

To whom was the duty of confidence owed?

55. The proprietor submits that as Mr Botting was an employee of CME when he came up with his plan, and as he created it during the course of his employment, any duty of confidence that existed was owed to CME, which therefore owned any confidential information he created.

56. The applicant answer to this appears to be that Mr Botting, as CEO of CME, agreed that CI would own any rights to the WALSALL CONDUITS trade mark and the confidential information.

57. There is no doubt that Mr Botting agreed that CI would own the trade mark rights. After all, the perception that WALSALL CONDUITS goods were made by a UK company was a necessary part of Mr Botting's commercial plan. This conclusion is consistent with the fact that the BARTON and LONGMORE trade marks were registered in the UK in the name of CI, and with the UK and Irish applications to register WALSALL CONDUITS having been filed in the same name.

58. The applicant submits that rights to the confidential information were covered by the assignments to the Liberty House Group. However, although those assignments included boilerplate clauses defining IP very widely, including confidential information and trade secrets, they made no specific mention of the confidential information created by Mr Botting.

59. Mr Botting says that his business plan was for the benefit of the Caparo Group. CI and CME were working together and in common cause when Mr Botting came up with his plan. Therefore, there would not have been any evident need at that time to decide whether CI and/or CME should own any rights to the commercial information. And although it was necessary part of Mr Botting's business plan for WALSALL CONDUITS to be perceived as a UK-based brand, it was not necessary for CI (rather than CME) to own the rights to the commercial information. Consequently, I doubt the credibility of Mr Botting's evidence that he specifically agreed that the rights to the confidential information would be owned by CI.

60. Mr Botting's evidence on this matter is brief. He said nothing at all about the supposed agreement with CI in his first witness statement. After Mr Roberts suggested that CME, as Mr Botting's employer, owned any rights that existed in the commercial information, Mr Botting stated in paragraph 31 of his second witness statement that:

"I was the CEO of CME, and therefore directed CME's activities. CME (acting through myself) and CI agreed, as between themselves, that CI would own the registrations for WALSALL CONDUIT and all rights in and to the Confidential Walsall Business Plan. This superseded any agreement in my employment contract with CME."

61. It is not clear from the evidence when Mr Botting became CEO of CME. And Mr Botting's assertion that he directed the activities of CME when the ownership of the confidential material was decided does not sit well with the evidence he gives at paragraph 25 of the same statement where he says that:

"In his email [of 12th February 2015], Mr Kapoor was not directing the Confidential Walsall Business Plan's abandonment, but was directing me to focus on developing the HAYES brand at that specific point in time rather than the WALSALL CONDUITS brand."

62. As Mr Botting acknowledges, Mr Kapoor, as Chief Operating Officer of CME, was directing Mr Botting about the development (or non-development) of the WALSALL commercial information well after Mr Botting had created the plan.

63. Further, Mr Botting's claim that he agreed that CI would own the confidential information is lacking in detail and particularisation. He does not say:

- (1) When the agreement was made;
- (2) Who at CI he agreed it with;
- (3) What form the agreement took.

64. I am conscious of the fact that Mr Botting has not been cross examined on his evidence, but this does not mean that it must be automatically accepted.¹¹ In my view, this part of Mr Botting's evidence is nothing more than a self-serving assertion. I therefore reject it. In the absence of any credible evidence that rights to the confidential information were initially vested by agreement in CI, or were subsequently assigned to CI, I find that the rights were owned by CME as Mr Botting's employer. I accept that CI may have had a beneficial interest in the commercial information at the time it was created. However, any such interest appears to have been abandoned before CI went into administration.

I now turn to the questions set out in paragraph 45 above, the answers to which will be determinative of the applicant's claim of bad faith.

What, in concrete terms, was the objective that the applicant has been accused of pursuing?

65. According to the applicant's pleaded case, the applications to register the contested trade mark were filed with the "*aim of deliberately disrupting the Applicant's confidential plans and interests in and in relation to the mark WALSALL CONDUITS.*" Specifically, the applicant claimed that "*the registered proprietor's motives in registering the trade mark at issue have been to injure the business of the Applicant and its affiliated entities, and also to take advantage of the rights and interests of the Applicant and its affiliated entities in the name WALSALL CONDUITS so as to compete unfairly with them, including by preventing the Applicant and its affiliated entities from registering and using this trade mark.*"

66. In a nutshell, the applicant says that the proprietor stole the applicant's commercial information and is using it to the advantage of its own business, and in a way that prevents the applicant from using the commercial information to its own advantage in the Middle East.

¹¹ See paragraph 73 of the judgment of Ms Emma Himsworth, as the Appointed Person in *Robot Energy Limited v Monster Energy Company*, BL O/308/20

67. In its written submissions, the applicant made an additional complaint that the applications to register the contested trade mark were filed without any intention to use the mark in the UK. The applicant therefore accused the proprietor of having acted dishonestly by signing the statement on the application forms required under s.32 of the Act declaring that the mark is in use, or there is an intention to use it (in the UK).

68. The latter complaint is not part of the applicant's pleaded case. Consequently, it is not necessary to deal with it, at least as a self-standing issue. In any event, although making inaccurate statements about use/proposed use of the mark on the application forms may provide evidence of bad faith, it is not a separate ground for invalidation. Nor is it conclusive evidence that the applications were filed in bad faith. The absence of an intention to use the contested mark in the UK is therefore only material if it supports the applicant's complaint that the proprietor filed the trade mark applications to disrupt its business and take unfair advantage of its commercial plans.

Was the proprietor's claimed objective a purpose for which the contested applications could not be properly filed?

69. Knowing that another party uses, or plans to use, a trade mark in another territory does not necessarily mean that an application to register the mark in the UK had been filed in bad faith. However, part of CME's commercial information about using WALSALL CONDUITS to gain orders in the Middle East depended in part on creating the perception that it was trading in goods made in the UK. Registering WALSALL in the UK was part of the plan. Therefore, if the contested applications had been filed for the purpose of misappropriating the applicant's commercial information and preventing it from exploiting that commercial information to its own advantage in the Middle East, as pleaded, then that was not a purpose for which the contested applications (now registrations) could properly have been filed.

70. It would have made no difference that the contested trade mark does not consist of the words WALSALL CONDUITS as such. This is because CONDUITS is descriptive of the key goods covered by the contested registrations. The omission of

CONDUITS from the contested mark would not, therefore, prevent the registrations from unfairly exploiting the commercial information. The figurative elements of the contested mark reinforce, rather than distract, from the word WALSALL.

Consequently, the same applies to them.

Has it been established that the contested applications were filed in pursuit of that objective?

71. The applicant has not established that the contested registrations were filed for the purpose it claims. The applicant has not shown that CI owned, or had any remaining beneficial interest in, the commercial information at the time it went into administration. If that is right, the applicant has not acquired any such rights and CME is entitled to exploit the commercial information created by its ex-employee purely for its own benefit.

72. In determining an allegation of bad faith, it is crucial to consider what the applicant knew, or should have known, at the relevant date(s). Even if, contrary to my findings, the applicant has shown that CI had a continuing interest in the commercial information at the time it went into administration, it has not shown that Mr Roberts knew that when he incorporated WCL and filed the contested registrations. There is no evidence that Mr Roberts, or anyone else at CME, held records or information from which they knew, or should have known, that despite Mr Kapoor's email of 12th February 2015, CI retained an interest in using WALSALL CONDUITS in the Middle East for the benefit of the Caparo Group. The proprietor was therefore entitled to believe that, even if CI had at one time had some kind of beneficial interest in the commercial information, that had been abandoned in or around February 2015. Consequently, I would have reached the same conclusion even if I had found that CI had, as a matter of law, retained a beneficial interest in the commercial information at the time it went into administration, and subsequently assigned any associated legal rights to the applicant.

Outcome

73. I reject the applications to invalidate the contested registrations on the ground that the trade mark were registered filed in bad faith.

Costs

74. The applications for invalidation have failed. The proprietor is entitled to a contribution towards its costs. I assess these as follows:

£400 for considering the applications statements of case and filing counterstatements;

£1900 for considering the applicant's evidence and filing evidence in reply;

£250 for filing written submissions in lieu of a hearing.

75. I therefore order Shiftec (Willenhall) Limited to pay Walsall Conduits Limited the sum of £2550. This sum to be paid within 21 days of the end of the period allowed for appeal, or if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated 13th January 2021

Allan James
For the Registrar