

## **TRADE MARKS ACT 1938**

**IN THE MATTER OF TRADE MARK Application  
N<sup>o</sup>: 1514305 to register a trade mark in the name of  
the Hollaender Manufacturing Company**

**AND IN THE MATTER OF Opposition  
N<sup>o</sup>: 44569 by Hollaender Rainer Limited.**

### **Decision**

1. This is an opposition to registration of the trade mark HOLLAENDER for:

‘Rails and pipes; parts and fittings for rails and for pipes; all included in Class 6’.

The applicants, who applied on 30<sup>th</sup> October 1992, are the Hollaender Manufacturing Company (HMC), 10285 Wayne Avenue, PO Box 156399, Cincinnati, Ohio, 45215-8399 USA.

2. Registration is opposed by Hollaender Rainer Limited (HRL), who describe the reasons for their opposition in the following terms:

‘The Applicant is not the proprietor of the mark in the United Kingdom. The true proprietor of the mark is the Opponent.

The Opponent has used the trade mark HOLLAENDER RAINER in the United Kingdom continuously since 1985 in respect of rails, pipes and tubes; rail couplings, rail connectors, rail joints, all being of metal parts and fittings for all the aforesaid goods. By virtue of such use, the Opponent has acquired an extensive reputation and valuable business goodwill associated with their trade mark HOLLAENDER RAINER. Use of the mark HOLLAENDER by the Applicant in respect of rails and pipes; parts and fittings for rails and pipes, would be likely to deceive or cause confusion. Registration would be contrary to the provisions of Section 11 of the Act.

The Opponent has made Application No. 1531354 in respect of the mark HOLLAENDER RAINER which is currently pending in Class 6. The Goods covered by the said Application of the Opponent are goods which encompass the specification of the Application in suit. Furthermore the Opponent has used the trade mark HOLLAENDER RAINER in the United Kingdom in respect of which goods from a date prior to the date of the Application in suit. Registration would therefore be contrary to the provisions of Section 12(3)’.

3. The applicants deny the grounds, and both parties ask for their costs. Hearings took place on 23<sup>rd</sup> October 2000 (which was concerned with preliminary points), 16<sup>th</sup> March 2001 and on the 24<sup>th</sup> April 2001, these latter two dealing with the substantive issues. Ms Reid of Counsel, instructed by Messrs. Laurence Shaw, appeared for the opponents. Mr Birss of Counsel, instructed by Messrs. Lloyd Wise Tregear, appeared for the applicants.
4. The Trade Marks Act 1938 has been repealed by Section 106(2) and Schedule 5 of the Trade Marks Act 1994. However, there are transitional provisions set out in Schedule 3 to this Act and, under the terms of those provisions, the 1938 Act has been applied in this case.

5. This matter is one of two related oppositions - in the other (N<sup>o</sup>. 44826, application N<sup>o</sup>. 1531354) the opponents, here, have applied for the mark HOLLAENDER RAINER for: 'Rails, pipes and tubes; rail couplings, rail connectors, rail joints; all being of metal; parts and fittings for all the aforesaid goods; all included in Class 6'. The applicants in this matter, oppose.

### Preliminary issues

6. The first hearing, held on 23<sup>rd</sup> October 2000, dealt with two preliminary points - one being the cross examination of Mr Rainer Clover, the managing director of HRL, and the other (which emerged in the course of the proceedings) the inclusion of certain further evidence.
7. Mr Birss sought cross examination on the basis of, what he contended, were inconsistencies in Mr Clover's declarations, in respect of his statements as to the choice of the name HOLLAENDER RAINER, the claim that all HRL goods were re-launched in 1985 under this name and an assertion as to who assumed the cost of marketing.
8. Ms Reid argued that there were no inconsistencies in relation to Mr Clover's choice of name for his company: he picked HOLLAENDER RAINER, not HOLLAENDER. She also pointed out that the request for cross examination had emerged very late in the day and would increase the costs of the proceedings to both parties.
9. I did not consider that the late request for cross-examination was exceptional. It may not be what one would wish for under ideal circumstances but, typically, such requests arise when counsel considers the evidence, not unusually rather closer to the hearing than one would like. I decided that it would be helpful in making my decision to allow cross-examination of Mr Clover, so as to test various of the statements in his declarations. Further, it also seemed important to me to discover Mr Clover's view on the nature of the agreement established between the parties in 1985.
10. As a consequence of this decision, it followed that I must allow into evidence a Statutory Declaration by Mr Clover, dated 19<sup>th</sup> August 1994, which I understood was submitted as a supporting document to HRL's application N<sup>o</sup>. 1531354 and which, in Mr Birss's view, gave an alternative explanation for his choice of the name.
11. Finally, the opponents here, asked for a late Statutory Declaration to be allowed into evidence. It was by Ann Elizabeth Roome, a registered trade mark agent working for their agents, and gave information on HMC's application for the HOLLAENDER mark in the United States. Mr Birss was unconcerned at its inclusion, and both this, and the previous document were included in this matter, and in the parallel case, opposition N<sup>o</sup>. 44826, application N<sup>o</sup>. 1531354.
12. I now wish to deal with the substantive issues in this case.

### History

13. There is a fair degree of evidence. I will focus on specific items of evidence, as my decision progresses, but the historical relationship between the parties is simply described as follows.
14. The Hollaender Manufacturing Company (HMC) is an American company based in Cincinnati, Ohio. It has been trading in the US for approximately 50 years selling the goods specified

above, that is, rails and pipes, and parts and 'slip-on' fittings, which can be used with rails and for pipes, for the construction of railings and the like. HMC is a family run firm: Robert P Hollaender (who deposes in this matter) is the grandson of the founder. Thus the company name is a family name.

15. HMC made a strategic decision in 1984 to export to foreign markets, including the UK. This eventually resulted in an arrangement with the opponents, then called Mark Rainer Limited, whereby the latter became HMC's UK distributor. This arrangement appeared to continue with some degree of success for both parties until August 1992, when it was determined by the US company in a letter, stating:

'Please take this letter as notice that your appointment as our master stocking distributor for the United Kingdom and Middle Eastern Countries will terminate on the first day of December, 1992. On that date, you will no longer be our master stocking distributor, but you may continue to distribute in conjunction with other distributors that we will appoint from time to time.

On the above date, the use of the name Hollaender as part of your trading name must cease'.

16. None of the above is disputed by the parties. However, the significance placed on the original agreement, and circumstances surrounding use of the HOLLAENDER name in the UK, are the subject of controversy, and the central themes of this decision. An examination of the evidence is obviously critical; but so is an understanding of the law. There was dispute in respect of each and, before examining the evidence, it would be helpful to do so against an exposition of the legal background.

The law: s. 11 and s 12(3)

17. It was agreed between the parties that the goods at issue were the same and HOLLAENDER and HOLLAENDER RAINER were confusingly similar marks. In view of the fact that identical goods are involved, and the distinctiveness of the HOLLAENDER name, this seems the correct conclusion. The matter turns, in my view, on proprietorship under s 12(3), that is, who was the owner of the marks at issue as of 1992? Having thus observed, there was a great deal of discussion at the Hearing, about the meaning and significance of s. 11.
18. The relevant sections of the Act state:

'11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.'

'12(3)(3) Where separate applications are made by different persons to be registered as proprietors respectively of marks that are identical or nearly resemble each other, in respect of

(a) the same goods,

(b) the same description of goods, or

(c) goods and services or descriptions of goods and services which are associated with each other,

the Registrar may refuse to register any of them until their rights have been determined by the Court, or have been settled by agreement in a manner approved by him or on an appeal (which may be brought either to the Board of Trade or to the Court at the option of the appellant) by the Board or the Court, as the case may be’.

19. Both sides accept that the test for s 11 is as set out in *Smith Hayden’s Application* (1946) 63 RPC 97, 101 as modified by Lord Upjohn in *BALI Trade Mark* [1969] RPC 472, at 496. In the present case, this may expressed as follows:

‘Having regard to the user of the (opponent’s) HOLLAENDER RAINER mark, is the tribunal satisfied that (the applicant’s) HOLLAENDER mark if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?’

20. This is where Mr Birss and Ms Reid parted company. Their main ‘bone of contention’ was the meaning of ‘user’ in the test above. Mr Birss stated:

‘... the law was that you acquired a trade mark by use, and as soon as you had used it once you used it and that was it and you had a trade mark .... I have a trade mark under common law rights and that is sufficient to mean that somebody else will be disentitled to protection in a court of justice for the name ... as a trade mark...’

21. Ms Reid, for the opponents, placed a different interpretation on s. 11.

‘I accept that you do not have to prove passing off for section 11 ... that is what Lord Upjohn was making clear. You do not have to go that far, but you do have to have some indication there is going to be a likelihood of deception or confusion. It does not have to go as far, as he says at the bottom of page 496: “It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to a passing off or (I add) an infringement action.” He is saying the standard you have to get to is not that high. I agree with that. It is not that high. You do not have to, but you have to be in a position where the use has got so far as to make it recognisable. As he says in the same paragraph: “It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source.” ’.

And, again:

‘What I say about section 11 is that my learned friend has got the wrong test. There does have to be some consideration under section 11 for the amount of use. I agree you do not have to have all the elements of proving passing off in there. I think, in particular, Lord Upjohn was concerned about the likelihood of proving damage. You do not need it, but you do have to have some use which has gone as far as making it recognisable so that there

are some members of the public who are going to be able to be confused, because unless you get that far it seems to me you have not made out your section 11’.

22. I was referred to various passages in *BALI*, and I think it is informative reproduce here, at some length, the famous passage by Lord Upjohn, at page 496:

‘My Lords, I think the presence of these words “disentitled to protection in a court of justice” ... are explained by the fact that in order to prevent the registration of a mark or to secure its removal it must be established ... not merely that there is likelihood of deception or confusion between two marks judged upon the well-known tests laid down in *Pianotist Co.’s Application* (1906) 23 RPC 774 and *Aristoc Ltd. v. Rysta Ltd.* (1944) 62 R.P.C. 65 but something more, that is user at the relevant time by the owner of the existing mark which under the old common law the court ... would protect. The whole emphasis is upon the question whether the owner of the mark in suit, assuming him to bring some action against another trader, would be disentitled from succeeding for any of the reasons set out in section 11; not whether anyone would succeed against him. This is the chief distinction between section 11 and section 12. Section 12 is principally a weapon in the hands of a registered proprietor though it is not necessary that he personally should object. Here no user by the registered proprietor need be shown; it is purely a question of similarity. Section 11 is, as I have said, for the protection of the public, and anyone may object, but if he relies only on similarity he must prove the practical likelihood of confusion to the public and this he can only do, for the purposes of the section, by proving the existing user by another, not necessarily by himself, which is likely to cause deception or confusion; but if he does not establish likelihood of confusion by some present user of a similar mark likely to cause deception or confusion the court would not treat that as sufficient to disentitle the mark in suit to protection. Thus it came about that Evershed J in *Smith Hayden & Co.’s Application* (1945) 63 RPC 97 formulated the test under section 11 .... my Lords, I think the learned judge was wrong to use the words “reputation acquired by”; it should have been “the user of”. Of course, in that case there was no difference between those two, expressions, as the household word of Hovis was involved; but in many cases ... the difference might be vital.

It may also be said that the desiderata that the deception and confusion (in Evershed J’s statement) must be among a substantial number of persons is a matter of judicial gloss. I do not object to this provided it is properly and sensibly applied. .... What, then, is the test? This must necessarily be a question of fact and degree in every case. I am content in amplification of the test laid down by Evershed J to take the test as in effect laid down by Romer J in *Jellinek’s Trade Mark* (1946) 63 RPC 59 at page 78.

It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to a passing off or (I add) an infringement action. It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt, but the court has to be satisfied not merely that there is a possibility, of confusion; it must be satisfied that there is a real tangible danger of confusion if the mark which is sought to register is put on the register.’

23. Taken in this context, the import of Lord Upjohn's words is clear. The interpretation of 'user' in *BALI* is to be understood in terms of rejection by the House of Lords that s. 11 required something akin to passing off. What it amounts to is exactly that given in the test adapted by Lord Upjohn, which must be read as a whole. 'User' is not a hurdle the applicants must jump first before they then attend to a comparison of the marks and goods, so as to determine a reasonable likelihood of deception. Rather, the 'user' at issue must be enough to result in a reasonable likelihood of deception, when one compares the marks and the goods at issue. Mr Birss referred to 'reputation' and 'user' and Lord Upjohn's statement: 'Of course, in that case there was no difference between those two, expressions, as the household word of Hovis was involved; but in many cases ... the difference might be vital'. He then characterised his own position thus:

'This is a case where the difference is vital because I do not have to show recognition or any kind of reputation by my mark. What I have to show is that I have used my mark. What I have to show is that I have planted my flag. It is not very surprising, if you think about it, since it is my name'.

24. I think the difference *is* vital, but not for the reasons given by Mr Birss. Ms Reid said, again referring to the above passage, that the required test is a '..question of fact and degree in every case..'. She also cited the following reference where these words are repeated (*BALI*, page 495): 'It may be that Sir John Romilly went too far in saying user for a week would be sufficient; that must be a matter of fact and degree, but it illustrates the point to which I shall return, that a trader is only entitled to protection for a mark which he has in use at the relevant time'. (In passing, I take the relevant time to be the date of application of the mark. I will return to this below). Lord Upjohn adds:

'Then, after quoting some further authorities, Lawrence LJ went on (at page 254) to disapprove the statement of Lord Esher in *Richards v. Butcher* [1891] 2 Ch. 522 who held that to constitute a trade mark you must show that the market accepted it as a distinguishing mark of the trader's goods. In this disapproval he was expressly upheld on appeal to the House of Lords (1931) 49 RPC 88 by Lords Buckmaster, Russell and Macmillan.

Morton J had some helpful observations upon this in *Hack's Trade Mark* (1940) 10 58 RPC 91 at 103, line 45: "The question whether a particular mark is calculated to deceive or cause confusion is not the same as the question whether the use of the mark will lead to passing off."

So it seems to me impossible to give to the construction of the section that which is sought for by Bali. Section 11 and its forebears were designed not so much for the protection of other traders in the use of their marks or their reputation but for the protection of the public. This was made quite plain by the majority opinions in your Lordships' House in *Eno v. Dunn* (1890) 7 RPC 311.'

25. 'User' is certainly less than that required by the test for passing off, but must be sufficient in a particular case. This may mean that 'once is enough', i.e the 'planted flag' is all that is required - but it may mean more than this, depending on the facts; and this is where the distinction between the 'user' and 'reputation' becomes vital. In each case, registration will fail where the mark at issue in that matter, when used in a normal and fair manner in connection with any

goods covered by the registration proposed is reasonably likely to cause deception and confusion amongst a substantial number of persons.

26. In finding thus, I do not say that Mr Birss is wrong; I do say his view is too narrow. He came to it based on their Lordships examination of the common law which preceded, and indeed, is enshrined in the subsequent Acts, including the 1938 Act. In particular I was referred to the following passage, where Lord Morris of Borth-y-Gest in *BALI* quoted with approval the words of Lawrence LJ from his judgement in *Bass, Radcliff & Gretton v Nicholson & Son Ltd* (1931) 48 RPC 227. In that decision Lawrence LJ referred to the fact that no evidence of recognition by the public was required in order to prove that a distinctive mark was in use before 1875. He said at page 251

“What is required for that purpose is proof that the mark before that date was in fact used as a trade mark, that is, was used by the trader in his business upon or in connection with his goods, and it is not necessary to prove either the length of the user or the extent of the trade. In other words, the character and not the length or extent of use is the only thing that has to be established”.

Having examined certain authorities he said at page 253 that they showed

‘.. that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such use and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark’.

Again in *Bass*, Lord Russell of Killowen said at page 107:

‘Nor is it my opinion necessary in this connection to establish that the mark has been recognised by the public as a mark distinctive of the user’s goods’.

27. As I discuss below, this is one only one facet of the law here and, I repeat, user must be sufficient in the case in hand. This is where the ‘planted flag’ analogy, in my view, falls down. Trade mark rights cannot be determined in the manner of copyright where publication by the author of a work defines ownership conclusively. They are rights in trade and are not static. It is clear from the Act that unused marks - even those given the protection of the State by way of registration - can be nullified by lack of use. It is also clear that the ownership of a mark depends on for whom it functions as a indicium of trade, at the relevant time. And this is the date of application which, in this case, is 30<sup>th</sup> October 1992 (see *KERLY’S LAW OF TRADE MARKS AND TRADE NAMES*, 12<sup>th</sup> Ed., Sweet & Maxwell, 1986, section 10-27).
28. It is instructive to consider the following passage from *Al Bassam Trade Mark* [1995] RPC 511, before the Court of Appeal, at page 522, where Morritt LJ states:

‘Accordingly it is necessary to start with the common law principles applicable to questions of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in *Nicholson & Sons Ltd.’s Application* (1931) 48 RPC 227 at page 253 Lawrence LJ said:

“The cases to which I have referred (and there are others to the like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark.”

Second the right to the used mark as an indication of the origin of the goods could not be assigned separately from the goodwill of the business in which it had been used for that would have been to assign the right to commit a fraud on the public. cf. *Pinto v. Badman* (1891) 8 RPC 181, 194. Third, in the case of an unused mark the person with the best right to use it was the designer or inventor. cf. *Hudson’s Trade Marks* (1886) 3 RPC 155 at pages 160 and 163’.

The third principle here is irrelevant to this case. The first two were applied in *Al Bassam*. On the same page Morritt LJ continues:

‘In my view it is plain that the proprietor is he who satisfies the principles of the common law to which I have referred. Accordingly in the case of a used mark, as in this case, the owner or proprietor is he who first used it in relation to goods for the purpose indicated in the definition of trade mark contained in section 68 .... Ownership of the mark is a different concept to deceptiveness of the mark, the principles applicable to the two concepts are different and I do not see how one can determine whether there is likely to be confusion without first deciding who is the proprietor’.

However, this is an application of the first principle. The second also applies. At page 524:

‘As the judge rightly pointed out only Courtaulds had any business or goodwill in the United Kingdom to which such use could be incidental. The fact that the Alajlans may have devised the mark, have been registered as proprietors of the equivalent mark in Saudi Arabia and regard themselves as having rights in the mark here is irrelevant once it is appreciated that only Courtaulds have any goodwill or business in the United Kingdom in which there could have been use in accordance with the common law principles. In my view the judge and the registrar were right on this point and the appeal founded on want of proprietorship fails.

Before leaving this part of the appeal it is necessary to consider the validity of the reliance Courtaulds placed on the fact that their application was supported by the Alajlans. In my view that is immaterial. The statutory right to registration is given to he who is the proprietor. Proprietorship depends on use in the case of a used mark and *the right to the unregistered mark cannot be assigned separately from the associated goodwill*’. (Emphasis mine).

29. In *Al Bassam* both the first and second principle applied to the same supplier. There may, of course, be cases where they do not. The emphasis on goodwill returns me to the purpose behind s. 11, as one of protection of the relevant public. I note the following from a Privy Council case, *Sprints Ltd v Comptroller of Customs (Mauritius)* [2000] FSR 814 (where the s. 10 cited is equivalent to s.11 in the 1938 Act):



‘As an alternative to that approach their Lordships consider that the appeal would also fail in respect of the provision in section 10 that the use of the mark by the appellants was calculated to deceive. That last phrase is to be understood as meaning that it would be likely to deceive. Section 10 requires the Comptroller to refuse registration on a variety of grounds. These grounds generally are designed for the protection of the public or in the interest of the public. They are not primarily designed in the interest of those who may be using or wishing to use a trade mark. Thus the consideration behind the provision is the avoidance of anything which might be offensive or prejudicial from the public point of view. The only head which is relevant to the present case is that of the risk of public confusion, that members of the public may mistakenly believe that particular goods are the product of a particular business enterprise because they bear a trade mark which they associated with that enterprise, whereas in fact the mark is that of another enterprise. The standard to be achieved in order to meet the requirement of the section is that by reason of the likelihood of confusion the use of the mark would be disentitled to protection in a court of justice. As was recognised in *BALI* Trade Mark, all that is required to be proved for the purposes of the rejection of a registration is the probability of deception or confusion, which is more readily established than what would be required for a case of passing off. In *BALI* .. Lord Upjohn observed at 496:

“It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source”.

In many cases the problem in this context is one of comparing two marks which are not identical but have a degree of similarity such as may, or may not, give rise to confusion. In the present case no such question arises because the names are identical. In that respect the risk of confusion is immediate and obvious. But the argument here is to the effect that the second respondent has not used his mark in Mauritius and so is not entitled to protection in Mauritius.

If the matter depended upon user there was, as their Lordships have already held, evidence of user by the second respondent in Mauritius. But even if the matter is approached under section 10 on the assumption that that evidence was inadequate their Lordships are still persuaded that registration would require to be refused under section 10. In order to create the risk of confusion there must essentially be a knowledge on the part of the public of the mark with which the confusion may occur’.

30. Having, now, stated my view of the law, I want to consider who first used the mark(s) at issue in the UK, and then, who was the owner of the goodwill at the relevant date.

#### ‘User’ in 1984

31. I have precised the applicants’ user under the following headings.
32. Trade Fairs and Advertising: There is no evidence of any formal advertising in magazines circulated in the UK, or otherwise, nor attendance at trade fairs in the UK, or the like, by HMC alone, separate from the venture with the opponents.

33. Contact with UK Companies and Supply of Samples: There is evidence that the applicants were active in the UK early in 1984. However, this activity seemed to be of a particular kind. There were not marketing their goods directly, but were seeking a distributor to do so on their behalf. They clearly had contract with several UK companies, for example Klee Klamps, Tilden Industries (UK) Limited and UBM Overseas, and with HRL. There is no doubt that samples were supplied to some of these UK companies in 1984. Mr L Scott Rix is HMC's Vice-President of Marketing and Sales. In his Statutory Declaration, dated 9<sup>th</sup> May 1995 (which I call his main Declaration), he states:

'.. I can categorically state that .... my Company had shipped samples of its products in packaging bearing the HOLLAENDER mark and copies of its US sales literature, again bearing the HOLLAENDER mark, to Mr Bell and Mr Payne as early as May/June 1984. Moreover, in their respective discussions with prospective distributors for my Company's products in the United Kingdom, the mark HOLLAENDER was used in the course of trade in the United Kingdom in respect of the goods for which registration of the mark is sought by my Company by Mr Bell, on my Company's behalf, at least as early as the 2nd May 1984 and by Mr Payne in June 1984'.

I also note the following, from Robert P Mr Hollaender II, in his Declaration dated 30<sup>th</sup> May 1995, where he states:

'The mark HOLLAENDER was used in the United Kingdom prior to February 1985 in respect of my Company's products, this use being at least as early as June 1984 and in relation to my Company's sales literature and products which were despatched to Mr Bell and Mr Payne for them to pass on to prospective distributors'.

In both of these extracts, the supply of samples to the UK were ancillary to the applicants' search for a distributor. The material evidence seems to support this contention. The applicants claim that an employee of their's, Mr Laurie Bell, began to market the HOLLAENDER range of products in the UK from April 1984 (main declaration of Mr Rix, paragraph 6). Exhibit LSR2 to that Declaration contains letters, one of which states:

'I have commenced initial negotiations with the proposed UK distributor based in London, who has expressed a keen interest in stocking a Aluminium range of tubular fittings.

It would be helpful to authenticate early discussions with prospective clients if you could forward a brief letter stating that we have had provisional negotiations, and an option of say 90 days from date, on a distributorship is being considered by yourselves, subject to mutually agreeable arrangements'.

Mr Bell seems to suggest in the second paragraph that samples were to be placed before potential customers in the UK in 1984. However, there is no material evidence of that this took place and the main activity of Mr Bell, and others, early in 1984, seem preliminary to trade, the main purpose of which was to secure a distributor:

'We are definitely interested in pursuing a long range-working relationship with you and the other individuals you mentioned'. (LSR2 letter from David Echert (then Executive Vice President of HMC), 11<sup>th</sup> April 1984).

‘Please find enclosed detailed reports of the two provisional meetings - with potential distributors for the Hollaender product range. Both of these companies showed enthusiasm and eagerness to have the opportunity of further initial discussions with *the intention of marketing Hollaender fittings*, if satisfactory agreements could be reached’. (LSR3: Letter from Laurie Bell, 11<sup>th</sup> May 1984; emphasis mine).

See also the letters recording the meetings between Kee-Systems Limited and Tilden Industries (UK) Limited, and Mr Bell, on 4<sup>th</sup> and 7<sup>th</sup> May 1984, respectively. There is further support for this in Mr Garry Wentworth Payne’s Declaration (Exhibited as GWP1A, and dated 16<sup>th</sup> May 1995). See paragraphs 4 to 7, for example).

34. Sales: The ‘International Price List’ in LSR5 refers to HMC and to their ‘European Agency’, in England. This is undated. Mr Rix says it dates from 1<sup>st</sup> August 1984. However, there is no evidence of any actual trade in Hollaender marked goods. In fact, there is no evidence that any sales at all took place before HRL became involved with the applicants. The evidence of Mr Dudley Bogart is particularly telling in this respect. In an Affidavit sworn 4<sup>th</sup> February 1998, Mr Borgart, whose company handled all the export for Hollaender Manufacturing Company as the ‘Hollaender Manufacturing Export Division’ from 1955 until the contract was terminated in 1992, states:

‘My Company tried to obtain business in the UK for the Hollaender Manufacturing Company products. We soon found that a competitive company, called Kee Klamp, was well established in the British market. Their prices were more attractive than ours, as a result of which we were unable to persuade any of the companies we approached to do business with us, although some samples were supplied to individual British companies. Our first contact that looked promising was with a British company called Tilden Industries. However, they were not interested in doing business in the UK but in the Middle East. They were supplied by Hollaender Manufacturing Company at our request and they discussed the samples and pricing with their customers in the Middle East, but then declined the business because the pricing was too high.

In the UK we approached our local sales agent, Wentworth and Company of Burntwood, who approached UBM Overseas, of Bristol. Mr Geoff Coates of UBM Overseas said that they might be interested for the Middle East market but we would need to contact their supplier of railings, Mark Rainer (Structural) Limited, as a result of which we directly contacted Mark Rainer (Structural) Limited. This was my first contact with Rainer Clover. That took place in 1985. Hollaender knew that we were dealing with Mark Rainer (Structural) Limited which was the first company to give us business by importation for sale and/or installation at British sites; this took place in 1985. Detailed discussions between the parties took place and I know that Rainer Clover proposed the name of Hollaender Rainer. This was adopted soon afterwards by Rainer Clover with the explicit approval of Hollaender Manufacturing Company.

Before 1985 there were no sales in the UK of products of Hollaender Manufacturing Company through my organisation. I do not believe any other party would have made such sales. It is likely that Hollaender Manufacturing Company issued invoices for Customs purposes to ship samples to prospective customers in the UK introduced by us but, to the best of my knowledge and belief, no genuine sales took place until Rainer Clover was involved’.

35. Mr Birss summarised the extent of the applicants' user in the following way:

'The evidence that matters is the evidence that I went through from Mr. Payne, Mr Goldsworthy, Mr Rix and Mr Hollaender, which shows what actually took place in the United Kingdom in 1984, and in particular what did take place is that samples were handed out in packaging marked HOLLAENDER, catalogues with HOLLAENDER on them were handed out to potential customers, and there was an International price list which said: "Made by Hollaender Manufacturing", and my submission is that that is use of the trade mark HOLLAENDER in the United Kingdom for the purposes of United Kingdom law, and that is all that matters'.

36. At the Hearing, Ms Reid pointed out that the applicants tended to promote their products under the marks specific to them: SPEED-RAIL, NU-RAIL MEND-A-RAIL etc. The International Price List (Exhibit LSR5) contains only the one reference to HMC. Further, she suggested that the negotiations with potential distributors were in confidence (see the comments of Mr Payne in a letter dated 11<sup>th</sup> October 1984, in Exhibit GWP4, exhibited to GWP1A) which was hardly consistent with commercial promotion of their products. My reaction to that suggestion, is I think it refers to the specific details of the agreement negotiations, and is unrelated to issues of trade. However, Ms Reid states:

'They [the applicant] were not interested in selling at this stage. They wanted their distribution network set up. They had not done that by the end of 1984, and they only managed to get a distributor when Mr Clover agreed to become a distributor'.

And I am inclined to agree. Though a 'European Price List' was available in the UK in the summer of 1984, there is no evidence of any sales in the UK, prior to the agreement with HRL. Mr Payne, the Managing Director of the 'European Agency' cited on this document, makes no reference to such. Instead, he says (paragraph 4, Declaration dated 16<sup>th</sup> May 1995):

'I was first approached on behalf of Hollaender on the 6<sup>th</sup> June 1984 with a view to my assisting Hollaender in appointing a distributor of Hollaender's products in Europe and the Middle East'.

He later makes reference to solicitation for sales (paragraph 16), but the evidence of Mr Bogart is clear: no sales occurred until after the agreement with HRL.

37. It is debatable that this amounts to 'use' under s. 11. The applicants were not placing products before businesses in order to seek sales. They were seeking a distributor, and I do not think the character of this activity amount to user as such.

38. Even if I am wrong in this, and the activity so described did amount to 'user' in 1984, the scale of the use was so small that, without further activity, any claim it may have given the applicants to proprietorship in of the mark in 1984 would have effectively been abandoned by 1992. Although s. 7 of the Act includes a provision for safeguarding vested rights, preventing the registered proprietor of a mark from opposing the registration of an identical mark for any goods in respect of which the applicant has used the mark prior to the date of the registered mark, this depends upon continuous use of the first used mark. Albeit, the opponents in this matter are not basing their case upon a registered mark, however, the qualification of the saving provision for antecedent rights to a mark implicitly recognises that the right to proprietorship of the first used mark is only incontestible where the use is continuous.

## The 'Agreement'

39. However, this is not the end of the matter as far as the applicants are concerned. At the Hearing, Mr Birss referred to the applicants' evidence of use and said:

'Even if that was not sufficient ... the fact is that what really took place was the sales under the HOLLAENDER RAINER mark with my clients, approval. Imagine that you say ground zero is November 1984. I am going to ignore everything that took place before that and I am going to say that is not use of the trade mark, then one has to look at what happened after that, and what happened after that is that the deal was done. Negotiations began in November, they came to a deal in February, the contract was set out in that February 13th letter: "You have our approval to use the HOLLAENDER name with our prior written approval on marketing materials and the like".. '.

In other words, the use of HOLLAENDER in HOLLAENDER RAINER was use on behalf of HMC. I want, next, to consider the nature of the agreement made between the two parties. In doing this I have brought together the material evidence in relation to any express understandings, that relating to any contributions to marketing under the name and, finally, evidence as to who exercised control over the arrangement.

40. There is no one formal document delineating express terms, but there is a deal of correspondence on the issue. I consider the key documents are as follows.

(1) In Exhibit LSR7 is an incomplete letter dated 6<sup>th</sup> February 1985 which I assume is from Mr Payne (it is headed with his address) to Mr Bogart, which states:

'With regard to exhibitions, I agree with your comments on the programme. The other confusing, fact is that Clover, as I have said to you once before, appears be limiting his stock requirement UK, certainly on an initial basis and wanting to spend more money on support advertising and launch budgets, now whilst this will initially reduce our immediate sale potential, I think in the long term can only enhance our relationship. The main point that I have stressed with Clover, and he has accepted it and you will see from his documents that he has accepted it, is that the product is marketed as Hollaender/Rainer, and therefore the Hollaender name will be strongly featured on all advertising and distribution'. (I have added to this poor photocopy where certain words (not critical to its meaning) were obscured).

(2) A letter dated February 13<sup>th</sup> 1985 from Dudley Bogart, representing HOLLAENDER at that time, to HRL, giving some detail of the understanding between HMC and HRL (Exhibit LSR9):

'We are pleased to confirm that we shall work with you as our master stocking distributor for the United Kingdom and the Middle Eastern countries.

As discussed during your visit, we agree to pay 50% of the first 12 month advertising media, production, brochures and newsletter budget you presented, up to a maximum of f11,000.00. This program will commence not later than June 1 1985 through May 31 1986. Payment will be made after presentation to Hollaender's representative, Garry Payne, the original paid invoices, properly identified, along with proof of performance.

We also agree that we shall ship our fittings for a 12 month period from June 1 1985 at an exchange rate of 1L = \$1.25 FOB Cincinnati, Ohio. Your cost will be based upon a 40% discount from our current international price list. All fittings shown in our catalog will be supplied with knurl point stainless steel set screws and pins.

You are authorized to use the Hollaender name in your advertising and on any mutually agreed brochures which you print.

Assorted sample fittings will be supplied by Hollaender on an FOB Cincinnati basis. A small stocking inventory will be ordered as determined by Messrs. Ray Clover and Laurie Bell, and delivery will coincide with the initial advertising program.

As the sales program develops, Hollaender will expect you to maintain stocks sufficient to service the requirements of other sub-distributors, contractors and sales outlets.

We look forward to a long and mutually profitable relationship'.

(3) There is a letter dated 6<sup>th</sup> February 1986 from David Echert and Dudley Bogart (Exhibit RPH5A). The letter is long, providing a list of 'action points', and states:

'Thank you for your hospitality while we were in Walsall this week. Even though Dudley had told me about your facility and you had described your work during your visits to Cincinnati, I can now fully appreciate how extensively you and your staff work on fabrication. With this firsthand experience, I am sure that we do have a good "marriage". Our discussions make us feel that your expansion of the Hollaender Rainer range with your flooring system will certainly enhance the entire program.

...

We are returning to the States with a definite feeling that much has been accomplished and that our program is moving forward. The 5,000 miles between our firms do not need to be a hinderance to business but rather an opportunity to further our committment to work together in an atmosphere of cooperation and trust that will be highly profitable. Of course, we all understand that the profitability of the program will come later because of the exhorbitant start up costs we have both incurred. However, eventually we both will begin to reap the fruits from the investment we have made.

To be sure we are in accord with what was covered, we are outlining below what we discussed and agreed upon:

- 1) No further items will be added under the Hollaender Rainer name in brochures, advertising, and/or promotions without written approval by both parties.
- 2) A definite chain of command will be used by Mark Rainer personnel in dealings with Hollaender. This is as follows - Mark Rainer to Garry Payne to Dudley Bogart. Who in turn will go to appropriate persons or departments within the Hollaender organization.
- 3) There are not now and will not be in the future any production of Hollaender products outside the USA by Mark Rainer or its employees in either aluminum

castings or extrusions without prior written agreement by recognized officers of both companies.’

41. Next, is the issue of marketing costs. In the course of the Hearing, and throughout the evidence, there was some debate about who was the main contributor to the cost of promotion under the new name. I note the following:

(A) Exhibit LSR10 contains a dated letter 6<sup>th</sup> March 1985 from Mr Clover to Mr David Echert, the then Executive Vice President of HMC (now deceased) stating:

‘Stuart is now back from the States so you will be hearing from him *regarding the progress of the marketing plan that we outlined, which he will be implementing immediately*. The visits to different sites in the various States were particularly worthwhile from our point of view, I would appreciate it if you would thank Rob on my behalf’.

(B) A letter dated 5<sup>th</sup> February 1985, from Messrs. Payne and Bell (Exhibit LSR7),

‘... Clover has committed a substantial sum of money to initial market research and new brochure design etc, and one aspect is that we could utilise that 5 or 6% again towards his advertising costs’.

(C) Cost of advertising. In the a letter dated 6<sup>th</sup> February 1986 from David Echert and Dudley Bogart (Exhibit RPH5A) is the following at point 13:

‘To date Mark Rainer has advertised in at least 3 separate publications, and is currently evaluating the media as well as future media use. Mark Rainer will submit to Hollaender through Garry Payne copies of paid invoices as well as a copy of the advertisement cover its share of one-half the cost of production of catalogs and advertising. As originally agreed, Hollaender’s shares of this expense is not to exceed 11,000.00 in the first year based on 1.00 = \$1.25 in the form of additional fittings shipped with your future orders or credit applied against orders to be shipped’.

In his first Declaration Mr Clover stated (paragraph 6) that all ‘..the expenditure incurred in promoting the goods sold under the Mark has been incurred by my Company..’ yet, under cross examination, he admitted that HMC had supplied fittings on the above basis, to set against the cost of promotion of the mark in the early days of the arrangement between them. In passing, this is one example of Mr Clover, who appeared to be reasonably straightforward in the witness-box, had been less than so in his written evidence. Other examples arise in relation to his explanation for the choice of the HOLLAENDER part of his company name. I do not regard this latter issue as relevant to this opposition, but I do discuss it in the parallel matter (opposition N<sup>o</sup>: 44826).

42. The next point raised by the applicants is there appears to have been, at least initially, close supervision of the arrangement by HMC.

(i) A letter dated 31<sup>st</sup> July 1985, from HMC to HRL (Exhibit RPH3A to Mr Robert P Hollaender’s Declaration) states:

‘If you hold our stock of fittings, however, there are several things we will request your

doing. First, since these will not be on Garry's premises, we must ask that you to insure the stock under your policy for its full retail value, i.e. \$57,000.00, including freight and duty. In this way, we will both be covered in the unlikely event of any loss. Once the stock is delivered, we will appreciate your sending us a copy of your policy under which you have our interest of this stock noted.

We also will want to have access to the stock at any time, so Laurie or Gary can check stock quantities, since we agreed to place a sizable stock in the UK based on your paying when fittings were picked up, we still will want to follow this policy, with your issuing payment on a weekly basis with a list of fittings withdrawn. We will issue summary invoicing to you each month for your records. We also will make a monthly inventory stock check, as we would have if these were stored at Wentworth House. While I am sure you would understand, these fittings will be for sales, and not for free samples, unless otherwise agreed on an individual basis'.

(ii) There is also a letter dated 12<sup>th</sup> September 1985, from Mr Clover to Mr Bogart at HMC (Exhibit RPH4A), in which he reports in some detail on the promotion that HRL are undertaking as part of the agreement. Mr Hollaender takes this as evidence of the control Mr Clover accepted as part of the relationship.

(iii) Mr Clover wrote a response to HMC's 6<sup>th</sup> February letter (see point 3 above, paragraph 40) on 2<sup>nd</sup> April 1986 (Exhibit LSR17). He says:

'Thank you for your letter 6 February 1986. Sorry I've taken so long in replying.

...

Regarding the use of the name Hollaender Rainer, it is my intention to launch our new ladder design under this name. I will of course provide you with details of our patent and samples for your approval.

Regarding the definite chain of command you refer to, I accept your points raised and any straightforward Hollaender Rainer business will be directed as per your wishes through Gary. ...

There are no Hollaender Rainer products being manufactured by Mark Rainer. Prior written approval will be obtained as per your requirements. This applies also to the Hollaender Rainer products under investigation by Hollaender at the moment'.

43. Mr Birss readout the sentence from the letter of 13<sup>th</sup> February 1985 (point 2 above, paragraph 40): 'You are authorized to use the Hollaender name in your advertising and on any mutually agreed brochures which you print' to Mr Clover during cross-examination, and asked:

'Q. Mr. Clover, what I will suggest, is that, that letter, coupled with your response dated 28<sup>th</sup> February, sets out the deal which you did with Hollaender Manufacturing Co., does it not?

A. Yes, and it gives me authorisation to use the name HOLLAENDER RAINER'.

This admission here does not sit easily with further claims by Mr Clover's during cross-



examination, that he intended to use the Hollaender name with or without agreement with HMC, and informing them was a 'matter of courtesy' (see also paragraph 2, second Declaration).

44. The letter of 6<sup>th</sup> February 1986 states (point 3 above, paragraph 40): 'No further items will be added under the Hollaender Rainer name in brochures, advertising, and/or promotions without written approval by both parties'. This letter also contains reference to the relationship between the parties as a 'marriage'. The word is used in the following context: 'I can now fully appreciate how extensively you and your staff work on fabrication. With this firsthand experience, I am sure that we do have a good "marriage". Our discussions make us feel that your expansion of the Hollaender Rainer range with your flooring system will certainly enhance the entire program'. At the Hearing, Mr Clover played down the significance of this word, saying it was 'peculiar', but did say that the parties were 'working together for our mutual benefit to sell their products'.
45. Yet I do not consider this reflected his view at the time, where there is an explicit recognition of the control that HMC exercised over the 'project'. See, for example, the letter dated 6<sup>th</sup> February letter (points 3 and (iii) above, paragraphs 40 and 42 respectively). In the third paragraph he states: '..and *any straightforward Hollaender Rainer business* will be directed as per your wishes through Gary..' (emphasis mine) and, in the second paragraph Mr Clover is clearly seeking approval from HMC for a proposed use of the HOLLAENDER RAINER name on products supplied by HRL.
46. The reference to supply of samples and 'our' (which I take to be HRL's) patent in this latter paragraph, indicates two things. First, Mr Clover thought that HMC's leave was required to use the mark in this manner and second, that it was being used on HML products (HMC do not make ladders). At the Hearing, the following exchange took place during cross examination:
- 'Q. So what is happening there, Mr. Clover, am I right, is you are agreeing with what Hollaender Manufacturing was saying in their letter of February, that items will not be added without consent, but there is no problem because you are sending them the ladder for their approval.
- A. Yes.
- Q. You accept that?
- A. I accept in that instance I did send them that. I wrote that letter and I actually sent that; yes.
- Q. You accept that, that is, a correct reflection of the nature of your relationship with Hollaender Manufacturing?
- A. At that point in time; yes'.
47. Taking all this material together, it seems clear to me that HMC believed they had consented to use of their name by HRL and, in their view, use of the HOLLAENDER RAINER appellation projected their business into the UK market. Of course, there was no formal agreement between the parties as there had been proposed between HMC and Tildern Limited (Exhibit

LSR4). Though negotiations foundered in that case (see paragraph of Mr Rix's Declaration), the terms of a potential distributor agreement remain and a brief perusal of that agreement is informative:

'We confirm our agreement to work with Tildern Industries (UK) Limited as our Master Distributor as outlined below.

1. Hollaender or line name Speedrail, NuRail, PackMaster, Mend-A-Rail or Interna-Rail - to appear with the Tilden name on all our fittings where practical that are sold to Tildern Industries'.

It seems to me that the applicants, in an attempt to publicise their name in a market (the UK) in which they were not well known, were keen to associate their name with any potential distributor in the UK. Of course, this does not reflect the nature of the agreement with HRL, but it does demonstrate the general approach the applicants were taking with distributors at the time.

48. Mr Clover, took another view of the arrangement: it was not a 'marriage'; he did not require HMC's permission to use the name - which he would have adopted and used it anyway. During re-examination by Ms Reid, he said:

'Q. If the Hollaender Manufacturing Co., having seen your proposed brochure, had said, "You cannot use the name Hollaender in Hollaender Rainer", what would you have said?

A. It never came up. I would have used the name HOLLAENDER. In fact, we had a deal with them. If we had not had a deal and we did not sell the fittings, it was my choice then whether to use them or not, but we were already down that road to use it, so as far as I am concerned, we had got that much art work done that we would have used it at that point.

Q. No matter what?

A. No matter what; yes'.

49. I believe this in a retrospective assessment of the original agreement between the parties. In my view HMC granted HRL a permission to use the name HOLLAENDER. There is little doubt that whether the 'project' proceeded or not was dependant on HRL obtaining HMC's leave to use the HOLLAENDER name, and HMC would have been unlikely to deal with the opponents if they had not considered their name would be used, and would remain *theirs*. It is clear, following the exchange of letters cited above suggests that Mr Clover did not, at that time, believe he possessed *carte blanche* in use of the name. The letter of 2<sup>nd</sup> April 1986 shows that he accepted he needed to seek HMC's approval to use the name on a new range of goods. He accepted that they was a 'chain of command' between the parties.
50. The permission given could be argued to amount to some form of licence that was granted by HMC. But who were the recipients of the goodwill under use of the name? I note the following from the incomplete letter of 6<sup>th</sup> February 1985 (point (1) above, Exhibit LSR7):

‘The main point that I have stressed with Clover, and he has accepted it and you will see from his documents that he has accepted it, is that the product is marketed as Hollaender/Rainer, and therefore the Hollaender name will be strongly featured on all advertising and distribution’.

Under re-examination, Mr Clover said that this was Mr Payne’s view only - articulated in an attempt to ‘get a feather in his cap’ with his US employers. At the Hearing, it was the contention of the applicants that any goodwill accrued by use of the HOLLAENDER RAINER name in the UK would be passed to HMC, on the basis of the agreement between the parties. Though they, in various declarations, state that Mr Clover explicitly or implicitly agreed the goodwill in the name would pass to them, this is not clear. It could be argued that the agreement between the parties, originally, amounted to a sharing of the goodwill: the name of both concerns was used in the UK and both sold their products under it. However, whatever view Mr Clover took of the original arrangement between the sides, he was very definite under re-examination about where the goodwill resided. Ms Reid asked him about 6<sup>th</sup> February 1986 letter (Exhibit RPH5A; point 3 above, paragraph 40). :

‘Q. Do you see Item (1) where it says: “No further items will be added under the Hollaender-Rainer name in brochures, advertising, and/or promotions without written approval by both parties”?’

A. Yes.

Q. What happened in relation to that point?

A. In actual fact we were producing brochures for new products three or four times a year, and in the end it was assumed that we would use that name for anything we did. Initially what they were more worried about on that was that we would introduce some products which conflicted with theirs.

Q. In what sense “conflicted with theirs”?

A. That we would provide the marketplace with a product that was in direct competition with them, using somebody else’s fittings. There are other people that make these fittings in America, and if we were buying anybody else’s fittings they would probably have objected, but we were producing brochures on an *ad hoc* basis for Hollaender Rainer and continued to do so. We never had any objection from them. They were kept informed, but if they had objected we would then have had a bit of a battle on our hands.

Q. I am just wondering about this written approval by both parties. I have not seen in the documentation any written approvals.

A. There was not. In fact, what we tried to do in the initial stages was work with them. They were going to buy my products in response. They did not. It was all one-sided.

Q. You sent them a brochure after it had been created?

A. We could not send it before. It was after it was created.

Q. Not in draft though?

A. No. We sent them the brochure after it was created. This is in the later days. Initially they were twice a year, and in later days they were quite happy and trusted us that we were working well for them. The bigger the name Hollaender Rainer got, the more fittings they were going to sell. There was complete trust from that point of view.

Q. What was your understanding about what happened to the goodwill that was accruing in the HOLLAENDER RAINER name?

A. It belonged to Hollaender Rainer.

Q. You did not think it belonged to Hollaender?

A. Not in the least; no. Five per cent of my business was with Hollaender's in America, 5% of my turnover. It in no way could be attributed to them'.

51. Coming to the best view I can of this evidence, I think I must conclude the following:

- C HMC authorised use of the HOLLAENDER RAINER name.
- C In the first year of their relationship, HMC made a substantial contribution to promotional costs.
- C Both HMC's and HRL's goods were sold under the mark.
- C In respect of HRL's business on behalf of HMC, there was a specific chain of command, which required consultation on a various matters, including advertising.
- C There was no clear agreement concerning who would retain the goodwill accruing from use of the mark.

52. In my view, the issue of where the goodwill rests is key to this case and, there being no express agreement on the matter, it must be determined as a matter of fact, on the evidence I have before me.

### Goodwill

53. At the Hearing, Mr Birss was critical of Ms Reid's reference to a number of 'passing off' cases during the course of her submissions. He said:

'..of all the things you can get out *Berlei v Bali*, the one thing, in my respectful submission, which is absolutely crystal clear, is that it is not passing off. Whatever section 11 is, it is not a passing off test and, accordingly, it is simply of no value to look into the passing off cases and find assistance on the issue that you are trying to decide. That is my primary submission as a matter of law'.

The implication of the *Al Bassam* and *Sprints* cases cited above is that proprietorship cannot be separated from the owner of the goodwill under a mark once it has been established and, as the

establishment of goodwill is one of the tests required in finding passing off, I think guidance can be gleaned from such cases. In my view a number of the citations made by Ms Reid were very relevant; for example *Scandecor Development AB v Scandecor Marketing* [1999] FSR 26, for which a very relevant summary is included in another case (*MedGen Inc v Passion for Life Products Ltd* [2000] IP & T 1424), reproduced here:

‘Although the decision in *Scandecor*, and Lord Oliver’s speech in *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 All ER 873 make it clear that in the end the question in such cases as these as with all passing off cases, is generally one of fact, I think it is helpful to summarise certain general conclusions which can be found in or drawn from the Court of Appeal’s analysis of the law, and of the facts, in *Scandecor*, adapted to this case:

.....

(3) Goodwill is the benefit and advantage of a name and get-up, and is the attractive force which brings in business.

(4) A passing off action is a remedy for the invasion of a right of property in the business or goodwill likely to be injured by any actionable misrepresentation, not in the name or get-up itself. Goodwill does not exist apart from the business to which it is attached.

(5) As such, goodwill is local in character. Goodwill in relation to a business carried on in the UK attaches to that business. It is nevertheless legally and factually possible for a business based overseas to acquire a goodwill in this country by the supply of its products through an agent, licensee or distributor. Whether it does so or not depends on the facts of the case, in particular, what was done and by whom. With whom do the relevant members of the public associate the name and get-up? Are they concerned with the quality and price of the product or the original source of the product?

(6) Given that there is no rule of law or presumption of fact which says that the goodwill generated by the trading activities of a wholly owned subsidiary belongs to the parent or is the subject of any kind of licence, the same must apply with just as much force to the trading activities of an independent exclusive distributor.

(7) In *Scandecor*, the Court of Appeal concluded that the judge had correctly appreciated the local nature of the relevant goodwill acquired by the company actually carrying on the business in the UK and to goods marketed by that company in the UK. According to the Court of Appeal, however, he fell into error in assigning a separate goodwill to the foreign publisher who had not carried on any trading or marketing activities in this country. He was wrong to assign such goodwill to it based on the trading activities of a wholly-owned subsidiary or an authorised agent or distributor. This was so even though the UK company had taken certain steps to emphasise its connection with the foreign publisher’.

No such steps were taken by HRL; in fact they claim via Mr Clover to have done the opposite: making no distinction between the goods supplied by HMC and their own, all being marketed under the HOLLAENDER RAINER mark.

54. There is also this reference, quoted in *MedGen*, to *The Law of PASSING-OFF* Wadlow (2<sup>nd</sup> Edition 1995):

‘.. there is a suggestion at para 2.57 that there is a presumption that goodwill belongs to a foreign business in a case such as this. I cannot accept this. What the learned author in fact says is:

“.. if the foreign business is represented by a legally distinct person of whatever capacity then the goodwill will in general belong to the foreign business rather than its local representative *provided that the foreign business is recognised as the ultimate source of the goods.*” (Emphasis added)

Admittedly, he goes on to say: “Problems have arisen when an English business imports and sells the goods of a foreign business ... [The] normal rule is that the goodwill belongs to the foreign business as the ultimate source of the goods unless there are circumstances to displace this presumption.”

This passage must, however, be read in the light of the previous passage which I have quoted and of course bearing in mind the Court of Appeal’s caution in *Scandecor* that these questions are always ones of fact. Indeed, the author goes on to say (at para 2.59):

“..circumstances may point to the goodwill being owned by the English business to the exclusion of the foreign manufacturer. This is likely if the foreign origin is concealed and the English company held out as the ultimate source of the goods..” ’.

55. The facts in *MedGen* have certain similarities with those in this case. There, a US supplier (MedGen) of a preventative treatment for snoring, appointed an exclusive UK distributor (PfL) who, at first, supplied the product in packaging indicating the US corporation as the ultimate source, but then later - and for the most part - redesigned and supplied the products without such a reference. On the facts of that case, the court found:

‘(1) MedGen carried on no business in the United Kingdom.

(2) The packaging in which the product was sold carried no reference to MedGen nor any reference to the product having been developed by or produced for MedGen.

(3) In contrast, the whole business of the marketing and sale of the product was carried out by PfL. The references on the label packaging and in advertisements were exclusively to PfL.

(4) Self-evidently, and as confirmed by the limited evidence, the wholesale or retail trade would only know PfL as the source for the product. It was to PfL that such traders would go for further product. In the event of any defect or problem, it would have been to PfL and not to MedGen that the wholesaler or retailer would have turned. There is no evidence that retail traders either:

(a) Knew that MedGen was the developer of the product or responsible for its manufacture; or

(b) Cared who had developed it or who was responsible for its manufacture.

(5) Similar remarks, with perhaps even greater force, can be made about the purchasing members of the ordinary public. So far as they were concerned, their reasons for buying the product would either have been:

(a) The advertisements or product references effected by Pfl, which for the most part carried Pfl's name; or

(b) Their satisfaction with the product, which again carried Pfl's name. I think it is reasonable to infer that members of the public who made successive purchases would only be concerned that the next bottle which they purchased would be of the same quality as the last. In order to obtain further supplies, they would either contact Pfl using the contact details on the package, or look for it in the shops by reference to the name Snorenz and the packaging.

In either case, there is no evidence that they would be concerned as to who had been responsible for the original development of the product or as to who had manufactured the product. On the contrary, I think it can be inferred that they would be indifferent to these things. If the product failed to live up to their expectations they would have blamed PM. There is no evidence that anyone actually took up Pfl's 'Money back guarantee', but if they had done so, it would only have been to Pfl that they could have looked for their money'.

56. Against this back ground, I now need to carry out a detailed review of events subsequent to 1985, up to October 1992.
57. Some of the material evidence submitted at the time the agreement was made, is in the form of brochures, promoting the new enterprise. Others produced subsequently are also exhibited, and examples are submitted by both parties (see Exhibits LSR,12 RC02 and RC03). There is no reference to HMC in any of these. For instance, the following extract comes from a document dated June 1985 (from Exhibit LSR12) and is typical:

'The Hollaender Rainer handrailing system consists of a range of slip on fittings used with tube to create an instant on site structure and has considerable advantages over other forms of handrailing. Among the principal advantages are the strength and anti-corrosive properties of its material; Almag 35 is a high purity aluminium-magnesium alloy with very high and stable strength, shock resistance and ductility characteristics which give a strength comparable with malleable iron at one third the weight. Corrosion resistance of Almag 35 is the highest of any aluminium casting alloy due to the high magnesium content and the virtually complete absence of the heavy metals which induce electrolytic and stress corrosion. This very high resistance to corrosive attack is vitally important particularly in locations subject to salt spray, sea water or other marine corrosion.

There are installations which have been in service for periods of forty years without deterioration in structural strength.

An extensive range of fittings enables inclines, curves, angles and landings to be carried out giving complete freedom in design. Construction is simple, immediate and is carried out completely on site; the tube is cut to length, the appropriate fitting is slipped into place and secured by recessed studs which firmly into the tube rail.

There are substantial savings in manufacturing time and transport costs over systems which are factory built in sections which are difficult to handle and may possibly be inaccurate when offered into position. On temporary installations all fittings can be re-used and virtually all of the tube.

The Hollaender Rainer range of fittings has been developed over forty years and is in use throughout the world meeting all relevant specification standards.

The Hollaender Rainer Technical Service is available to advise on the most effective way to meet customers' design requirements'.

58. There is no mention of the source of the product and the opponents' HOLLAENDER RAINER mark is used from the first. The only address appearing in this document is that of Mark Rainer (Structural) Ltd - the then name of the opponents. The applicants' SPEEDRAIL product (a 'slip-on' fitting for tubular railing, for which they have a registration in the UK) is the only HMC product featured in this document. This is in keeping with Mr Clover's statement in his first declaration (paragraph 2):

'An agreement was reached on March 8, 1985, whereby Hollaender Manufacturing Company, Inc. appointed my Company as a distributor in the UK and the Middle East in respect of a specific component of Hollaender Manufacturing Company, Inc. known as SPEEDRAIL'.

59. Mr Rix, in his main declaration, says that this document incorporates material supplied by his company; for example, the model number system for identifying the various fittings, the drawings and the sizes of the fittings (in the two catalogues are more or less identical, albeit that the sizes in HRL's catalogue are in metric units). Further, on pages 3, 4 and 6 to 9 there are photographs of various fittings marked with the word 'CINTI' - a reference to the opponents' factory in Cincinnati, Ohio. Mr Rix concludes;

'That these are my Company's goods is also evidenced by the use of my company's registered mark SPEEDRAIL thereon. It is therefore apparent that the goods which Rainer were selling in the United Kingdom in 1985 and illustrating in their catalogues *at that time* were predominantly my Company's HOLLAENDER range of fittings..' (emphasis mine).

I do not believe any of this helps the applicants. It is clear that there was in the original agreement a provision that they would vet any publications in the UK (point 4, paragraph 40) but, even from the first, as Mr Rix says, HRL goods were sold under the name. Mr Rix adds:

..pages 12 and 13 of the Rainer catalogue of June 1985 include a sketch of a handrailing system installed adjacent a flight of stairs, as well as fitting types 82 to 92; these handrail products were not manufactured by my Company but instead were products which Rainer had been selling prior to becoming a distributor for my Company's products..'.

60. I return to this point below. It is also clear, in my view, that the inclusion of the applicants' product model number system also helps them little, as does the use of their SPEEDRAIL mark. There is nothing in the document that enables UK customers to make a connection between the catalogue numbers and HMC and, without being told, how could anyone relate CINTI to Cincinnati, let alone source that to the applicants? Neither could they make any similar connection be made between the name SPEEDRAIL and HMC. At the Hearing, Mr



Birss referred to the statement quoted above from the brochure that ‘The Hollaender Rainer range of fittings has been developed over forty years and is in use throughout the world meeting all relevant specification standards’ - he said that this must be reference to the applicants, as the opponents have not been in business for that length of time. This is obviously the case but, again, this is scant material on which to base a link between the applicants and their products as sold in the UK. There is no evidence to support the conclusion the applicants had any business in the UK that was identified by the name HOLLAENDER.

61. Mr Clover further states (paragraph 3 of his first declaration):

‘Since 1985 onwards my Company has sold goods in the UK under the Mark. .... Since 1986 the Mark has been used on all my Company’s letterheads, advertisements, brochures, invoices, price lists, publicity material, etc’.

He refers to a number of documents supporting this contention (Exhibit RC06). The following are dated:

- C A quotation dated March 11<sup>th</sup> 1985, from ‘Vencast Foundries Limited’. This is addressed to ‘Holldender Rainer (Structural) Limited’. There is a spelling mistake, but traders were obviously using the mark, in relation to the opponents, in 1985.
- C Copy invoices dated 30<sup>th</sup> June 1988, 25<sup>th</sup> August 1988, 10<sup>th</sup> January 1989 and 12<sup>th</sup> January 1989 all are headed by the appellation, or similar:

‘HOLLAENDER RAINER  
HANDRAIL SPECIALISTS

PO Box 52, Walsall - West Midlands WS2 7PL’

- C Price lists dated June 1985, October 1986, November 1987 and May 1991. These, again, all carry the mark.
- C There are further examples of brochures; these are undated, and I can place little value on them. However, they display the pre 01- phone number format. This would place the document at least before April 16<sup>th</sup> 1995, well after the application date of 30<sup>th</sup> October 1992.

62. Mr Clover gives turnover figures for goods sold under the Mark in the UK for the period 1988-96. The figures up to 1993 are:

Year	£
1988	590,949
1989	734,232
1990	1,129,883
1991	1,226,239
1992	1,244,523
1993	985,000

He states that at ‘.. no time did products sourced from the USA exceed 5% of my company’s total sales’. This figure has never been questioned by the applicants. As I have found, it is clear from Exhibit LSR12 that, from the very first, HRL sold their own products under the HOLLAENDER RAINER name. During cross examination by Ms Read, Mr Clover referred to the first page of this exhibit, and said that the ‘bottom middle product’ was a handrailing system of HML’s which he ‘was hoping to sell in the United States.’

63. An extensive list of customers in the UK is provided. He says that ‘all the expenditure incurred in promoting the goods sold under the Mark has been incurred by my Company’, and gives the following figures:

Year	£
1990	21,161
1991	20,055
1992	17,920
1993	17,000

I have commented on this statement above: the applicants did provide some promotional resources in the first year of the contract, albeit ‘in kind’.

- 59 Examples of advertising are produced; much is undated, but the following, unchallenged, dates are claimed:

- C copy purchase order for entry in Kelly’s Business Directory, dated March 4<sup>th</sup> 1988.
- C copy order for advertisement in Factory Equipment news, dated March 9<sup>th</sup> 1988.
- C copy advertisement which appeared in Building Contractor in January, 1989. (I note that this document refers to ladders: products not made by HMC).
- C copy order for entry in Kelly’s Business Directory, 1989 dated March 4, 1989. (This appears to be an error; the actual date is 4<sup>th</sup> March 1988).
- C (e) copy advertisement entitled ‘Hollaender Rainer, the Handrail Specialists’, which appeared in Building Products, April, 1989.
- C copy advertisement entitled ‘Don’t Get Grounded’, which appeared in Architect, Builder, Contractor and Designer, November, 1989.
- C copy advertisement entitled ‘Keep Our Citizens Senior’, which appeared in Building Products in November, 1989.
- C copy advertisement entitled ‘Hollaender Rainer Suppliers to British Rail Reading’, dated April, 1989.
- C copy advertisements which appeared in ‘What’s New in Building’, June and July 1990.

Mr Clover refers to various trade fairs, but there is no evidence to indicate depiction of the marks at these events. Other materials (brochures and the like) are produced, but they are undated.

64. Mr Rix stated that the products HMC supplied to HRL were labelled with the HOLLAENDER name (see main Declaration, paragraph 17). Mr Clover responded to this under re-examination:

‘Q. You were asked about labels bearing the Hollaender name in the US. You said that no individual products had those labels on, and I think your evidence was that this was an advice note. How were your products which were sourced from Hollaender Manufacturing Co. marketed and sold in the UK?’

A. As Hollaender Rainer products.

Q. The advice note that you say you received in relation to the packaging, you will appreciate there is a dispute as to whether it is an advice note or whether it is termed a label.

A. That was not passed on to any of our clients. They would go into store, and it was kept secret of the fact that they were manufactured in America. We wanted them known as manufactured in this country as our product.

Q. When it comes to the actual Hollaender Manufacturing Co. products themselves that you received, were they sold as they were, or was some treatment or anything applied to them before they were sold on?

A. They were re-polished. They come in a situation where we asked them to double-barrel them eventually, but we had to re-polish them. Then they would be powder coated. They would be added to, lots of tube. It was hard to identify a product once it was finished. The added value on a fitting would be quite considerable. Three fittings costing \$20 would be sold at probably £150 a metre, so theirs was quite a significant finish. If you look at any handrailing system, the base and the top rail is quite an insignificant part of the whole handrailing, and the infill, the glass, or whatever it might be, could sell for anything up to £300 a metre, and it had just \$20 of American fittings in it’.

65. Finally, there are four other declarations which provide a view of the association the trade makes of the opponents’ mark. The first is by Peter Henry Rodwell, for 5 years the Senior Premises Manager for English Welsh and Scottish Railway, the largest rail freight company in Britain. He has worked in his industry for 38 years. Though Mr Rodwell says that the opponents name ‘..is familiar to me in relation to the design, manufacture and delivery of specialist safety barriers and hand rails..’ this is of limited value to the opponents, as Mr Rodwell’s knowledge only extends back to 1995. However, he is not aware ‘..of anyone else using the name HOLLAENDER anywhere else in the UK’.
66. Next, there is the declaration of Ms Ann Elizabeth Roome, a registered trade mark agent working for the opponents’ agents. This records the results of a survey carried out on their behalf. Ms Roome states:

‘In October, 1997 and January 1998, we sent questionnaires to a random selection of Hollaender Rainer Limited’s 2000 customers in the UK. There is now produced and shown to me Exhibit AER01, a copy of the questionnaire sent. At no time did we state on whose behalf we were writing’.

Nine responses are recorded. The survey is devalued because we are not told how many were sent out. It was also well after the relevant date. However, Mr David Worthington, Chief Estimator with Linford Building Limited says he associates the opponents name with balustrading, and has been aware of the association for 10 years. Mr Ronald Stewart McLeod, Senior Buyer with Tarmac Civil Engineering, says 11 years and Mr Michael Anthony Wingfield, Senior Estimator with Arcon Aluminium Ltd says 15 years. Mr Andrew John Swift, Project Buyer with Henry Boot Construction (UK) Ltd refers to 6 - 8 years and Mr Colin John Kaufman, Director/surveyor with ITC Concepts Ltd, suggests 10 years. Then there is also the Statutory Declaration of Ms Edith H Dodds, Managing Director of Abull Standards Ltd., a Company specialising in the design and supply of safety railings. She states:

‘I am familiar with the trade mark HOLLAENDER RAINER and associate it with railings and associated fittings. HOLLAENDER RAINER is very well established as a manufacturer and supplier of railings and fittings in the UK and I have been aware of the mark HOLLAENDER RAINER for about fourteen years. The quality of HOLLAENDER RAINER products is excellent. About six years ago I believe a company called AD Fabrications began offering fittings under the trade mark HOLLAENDER in the UK. However, because Hollaender Rainer Limited is well established I associate only HOLLAENDER RAINER with the fittings’.

67. Finally, there is the Statutory Declaration of Veronica Tinney, Area Manager, Manufacturer Services, for the Barbour Index plc, a Company specialising in the provision of information services for the building and construction industry. This Company has been active for forty years, publishing the Building Product Compendium (generally known as Barbour Index) which, apparently, has long been accepted as the most widely used building product reference source. It was first published in 1977, and provides comprehensive coverage of manufacturers’ products, names, addresses and trade names etc. Ms Tinney says:

‘The entrants in the Compendium pay a subscription to appear in the Index but my Company is very selective about who it allows to be included. All subscribers are vetted and my Company has to be satisfied that the products offered are of high quality and the subscribers are of good standing to be included in the Compendium’.

The same principals are applied to recipients:

‘Approximately 22,000 copies of the Barbour Index are distributed each year to relevant decision-makers in over 18,000 offices throughout the country, with approximately three users per copy issued. This means that about 66,000 professionals use the Compendium as a reference work. The recipients of the Compendium are selected carefully. They have to work on building projects of a certain size before they are considered as recipients. Typically, the recipients are large commercial and industrial concerns. The Building Product Compendium is the only reference source in this field to carry the prestigious ABC (Audit Bureau of Circulations) Profile.’

68. Ms Tinney says that opponents are a subscriber to the Compendium, their first entry being in 1991 - see Exhibit VT01, where the following is recorded:

‘Hollaender Rainer specialises in producing and installing handrailing to architects’ and civil engineers’ specifications in stainless steel and brass. Examples are numerous and worldwide, ranging from palaces and embassies to railway stations and airports. Hollaender Rainer technicians can claim significant expertise in the handrailing field and have an in-depth appreciation of specifiers’ needs. Completed projects include: Bahrain office, Bank of Bahrain and Kuwait: Doha Palace, Doha, Qatar; Al Ain Hospital, Abu Dhabi; Royal Guard Gymnasium, Dubai; Onassis Hospital, Athens; Wolverhampton law Courts; Reading Railway Station; Bahrain Airport. Installations can be to clients detailed designs, or Hollaender Rainer will provide full technical designs and specifications in consultation with the specifier’.

There is no reference at all to the US company, or its products. Ms Tinney goes on to say that the opponents also have an entry in the Trade Name Index under Hollaender Rainer, and the firm has had entries in subsequent years. She adds:

‘My Company also runs a service known as The Barbour Index Enquiry Service. ... The Service comprises telephone access to expert information officers, working with a comprehensive database of building products. Any enquiry for products under the name HOLLAENDER RAINER or HOLLAENDER is automatically referred to Hollaender Rainer Limited’.

This may, of course, reflect practice after the relevant date, but underlines Ms Tinney’s next comment, which further demonstrates a lack of association in the UK of the applicants’ mark:

‘I confirm that neither Hollaender Manufacturing Company, Inc., nor AD Fabrications Limited have ever subscribed to the Building Product Compendium or the Barbour Index Enquiry Service. In addition to the main body of the Barbour Compendium at the back there is a free listing of manufacturers/trade names. The name AD Fabrications appears on that free listing in the 1999 edition only. There is now produced and shown to me marked Exhibit VT04 a copy of the listing from the 1999 Building Compendium. I am only aware of this because I was asked about the name AD Fabrications Limited. The Barbour Index Enquiry Service does not give out information to enquirers about AD Fabrications Limited because it is only there as a free listing’.

69. This is perhaps a good point at which to consider the applicants’ evidence of the notoriety of their mark in the UK at the relevant date because, it seems to me, that the material above, taken together, amounts to enough for me to conclude that at that time HRL had become proprietors of the mark HOLLAENDER RAINER, as owners of the goodwill in the business of that name. The applicants’ material is as follows.
70. The first Statutory Declaration in this regard is by John Goldsworthy, a Director of AD Fabrications. This company has been involved in the distribution of the rails and pipes and fittings produced by HMC in the United Kingdom since 1992; however, turnover under the Hollaender name is only provided for from 1993 onwards. The same criticism of ‘evidence post-relevant date’ can be made of the further statements made, and material supplied by, Mr Goldsworthy. He refers to page 101 of the June 1995 issue of ‘What’s New in Building’, Exhibited at JG2 as evidence of promotion of the marks HOLLAENDER and SPEEDRAIL, and then says:

‘Customers making enquiries to my Company frequently refer to “HOLLANDER fittings”, to such an extent that I believe that not only are the nature and quality of Hollaender’s goods well-known throughout the trade in the United Kingdom, but also that HOLLAENDER is viewed as a trade mark, denoting that goods under that mark originate from Hollaender’.

Whatever interpretation one might place on this practice - and Mr Goldsworthy gives his - there is no indication as to when these enquires occurred, and could be a product of confusion with HRL’s use of their name.

71. Later on in his Declaration, Mr Goldsworthy casts aspersions on the quality of the product produced by HRL. This allegation is expanded further in the Statutory Declaration by Mr Terry Walters. Mr Clover addresses these allegations in his Declaration dated 10<sup>th</sup> February 1998, I do not believe they are relevant to the issue of proprietorship. Other statements made by Mr Goldsworthy are, in my view, just plain irrelevant. Whatever the facts identified in paragraphs 8, onwards, in his Statement, the conclusions he draws from them are, to say the least, rather wild.
72. More pertinent is Exhibit JG1 to Mr Goldsworthy’s Declaration, where he refers to an earlier declaration dated 19<sup>th</sup> May 1995. He states:

‘I believe most traders in this field in the United Kingdom knew that the Goods sold under the mark HOLLAENDER RAINER were in fact goods produced by The Hollaender Manufacturing Company under the mark HOLLAENDER’.

Mr Goldsworthy was an employee of HRL as Sales Manger for four years from 1<sup>st</sup> April 1986, and this statement cannot be dismissed lightly. However, there is simply no evidence to support it - and much to the contrary. Mr Goldsworthy says that he ‘believes’, without giving any reason for why he does so. Further, as a Director of the present distributor of HMC’s goods, Mr Goldsworthy cannot be regarded an independent source of evidence in this respect.

73. The next Declaration is by Stephen John Dorman, Marketing Assistant by Aliscuff Ltd, who make aluminium extruded products, and supplies stage decking, aluminium scaffolding and similar structures. Mr Dorman says he has been familiar with the HOLLAENDER name since 1996 (when he joined his firm, based on the date of the Declaration). He says he believes that his firm bought HOLLAENDER fittings before that time. There is no indication of when and how much. Again, this Declaration is irrelevant.
74. There is also a Statutory Declaration by Mr Earnest Graham Handy, a Director of Vanwest Ltd., who primarily sell balustrades and handrails. He makes the following statement:

‘The name HOLLAENDER is familiar to me in relation to aluminium handrail fittings manufactured by Hollaender of America. I have been aware of the name for well over ten years. Originally, I believe the fittings were imported from Hollaender in America and then distributed in this country by a company called Hollaender Rainer. Since 1992 the HOLLAENDER fittings have been distributed in the United Kingdom by AD Fabrications Limited of Warley, West Midlands.

I have purchased HOLLAENDER fittings for over ten years, initially (to the best of my knowledge) from Hollaender Rainer and then subsequently from AD Fabrications Limited. I buy HOLLAENDER fittings because I have confidence in their strength and appearance. I am always willing to recommend them to anyone else.

I am aware that Hollaender Rainer or Rainer as I would normally refer to them, now offer their own range of handrail fittings, which are not manufactured by Hollaender in America'.

This Declaration is dated 8<sup>th</sup> March 1999. This is better evidence, but does not sit well with that provided by Ms Dodds, who associates the name with HRL, and Mr Handy was a previous employee of Abull Standards, Ms Dodds' company (see paragraph 4 of Mr Clover's Declaration, dated 28<sup>th</sup> September 1999).

75. Next, there is the Declaration of Keith Blanchard, a Director of Keith Blanchard Limited, who supply architectural and structural metalwork. He states:

'I have been aware of the name HOLLAENDER for five to seven years in relation to structural fittings manufactured by the Hollaender Company of the United States. My Company purchases the fittings from AD Fabrications Limited who are the distributor of HOLLAENDER fittings in this country.

The HOLLAENDER name is only associated in my mind with the fittings produced by the Hollaender Company in the United States. The HOLLAENDER fittings are of high quality and I recommend their use where possible in specifications for work to be carried out by my Company for customers. I am not aware of any company other than the Hollaender Company of the United States using the HOLLAENDER name in this country'.

Mr Blanchard's 'awareness' of HMC is - if I take the extreme of his imprecise estimate - at or around the application date. His Declaration is dated 23<sup>rd</sup> April 1999. Doubt is cast on, certainly the latter part of, his evidence by the following (unchallenged) comment by Mr Clover (paragraph 3 of his third Declaration):

'Keith Blanchard is known both to Hollaender Rainer Limited and myself, because Keith Blanchard was employed by Hollaender Rainer Limited from 1990 to 1992, as an erector, installing our handrails and balustrades. Mr Blanchard would have been and must still be very familiar with my Company's use of the name HOLLAENDER as part of its company name and trade mark. Mr Blanchard worked as a sub-contractor to Hollaender Rainer Limited during this period until we were forced to dispense with his services'.

76. Finally, Mr Gerard McIntyre, a Purchasing Manager for Lynton Commercial Units Ltd., who produces exhibition units, states:

'The name HOLLAENDER is associated in my mind with handrail fittings manufactured by a company called Hollaender in the United States. Since joining my Company, I have purchased these fittings on behalf of my Company from AD Fabrications Ltd., the United Kingdom distributor for the HOLLAENDER fittings. I understand that the fittings were also previously obtained from AD Fabrications Ltd. by my Company. I purchase HOLLAENDER fittings from AD Fabrications Ltd. because the finish on the fittings is superb and I have never been aware of any problems with them.

I am aware that handrail fittings are also sold in the United Kingdom by a company called Hollaender Rainer, which I generally refer to as Rainer. I did at one stage make some enquiries regarding their products to see if they were any better value than the HOLLAENDER fittings. However, I found the finish on the fittings offered by Rainer to be unsatisfactory and no comparison to that of the HOLLAENDER fittings’.

Mr Clover comments:

‘In response to Gerard McIntyre’s Declaration, I note that Mr McIntyre is aware that hand rail fittings are sold by my Company. Lynton Commercial Units Ltd is an old customer of my Company and purchased hand rail fittings and other goods from my Company over a period of 12 years, until their account was closed by my Company on credit grounds. Mr McIntyre has made contact with my Company on several occasions over the last 12 months with a view to purchasing our products sold under the mark HOLLAENDER RAINER and we are currently discussing terms. This is not consistent with the statements he makes in his Declaration’.

In any event, Mr McIntyre’s personal experience appears to have started after he joined Lynton Commercial Units Ltd. This seems to place his state of knowledge after the relevant date. He does not say that he was aware that the applicants sold HOLLAENDER fittings in 1992 or before. Again, I find his evidence irrelevant.

77. None of this disturbs my findings above. The only evidence that lends support to use of HMC’s mark close to the relevant date is that of Mr Earnest Graham Handy, and there is the declaration of Ms Dodds to set against this. Mr Clover states, in his second declaration, (paragraph 8) that evidence filed by the applicants:

‘.. demonstrates that although there were some negotiations with possible distributors in the UK prior to my launch of the HOLLAENDER RAINER range of goods, no actual sales took place, nor has there been any use of the mark HOLLAENDER by The Hollaender Manufacturing Company. Furthermore because the extensive, continuous and increasing use of the mark HOLLAENDER RAINER in the UK since 1985 in relation to the goods of application number 1514305 and other goods was by my Company only and there is no evidence that The Hollaender Manufacturing Company acquired any reputation in the mark HOLLAENDER during my association with them or subsequently, the reputation in the mark HOLLAENDER RAINER lies with my Company exclusively and in my view confusion would arise if The Hollaender Manufacturing Company were to use the mark HOLLAENDER in the UK on the same or similar goods’.

I agree. There is nothing to suggested that the goodwill in the mark accrued to the applicants in practice, or ‘mapped’ to them by virtue of the agreement. The applicants have not, in my view, discharged the onus on them under the 1938 Act. I believe that their position is untenable, not only by virtue of the of my review of the evidence, but by the lack of any material presented by the applicants contradicting it. At the Hearing Mr Birss stated:

‘.. the HOLLAENDER RAINER use during the time of the agreement did not break the link to the United States. That is important and, in fact, if you think about it, it is really not surprising at all. In fact, if you think about it even more, there was no reason, until the parties stopped being buddies, until the “they trusted me” evidence from Mr Clover stopped



being right, in about 1992-93, there was no reason why Mr. Clover should have concealed any connection with Hollaender. Hollaender were a manufacturer in the USA. ..there is no reason why Hollaender Rainer should have even sought to break the link. But even if Mr Clover was trying to break that link, the evidence is that he singularly failed to do so. It would have been a breach of the trust anyway but it is all irrelevant because there is no evidence that he succeeded in breaking the link. The evidence is that he did not succeed’.

Yet there is no material supporting Mr Birss’s contention. There is the following letter, dated 8<sup>th</sup> March 1985, which appears in Mr Clover’s (Exhibit RC04) and in the applicant’s (Exhibit LSR9) evidence. The applicants say (Mr Rix, main declaration, paragraph 13) that Mr Clover did not wish to show the ‘final distributorship agreement’ to prospective customers, as it contained confidential business information. Therefore Mr Clover was provided with the letter to show to suitable customers. It states:

‘It is our pleasure to confirm your appointment as our master stocking distributor for the United Kingdom and the Middle Eastern countries.

We authorize you to negotiate business on our products and give you the authority to appoint sub-distributors to stock our products as you feel is necessary’.

This letter does provide the sort of link Mr Birss alleged existed in the years up to 1992. However, under cross examination, Mr Clover denied he asked for it, and that he ever used it. Certainly when one considers the ‘newness’ of HMC to the UK market in 1984, it would be a puzzle why use of this document would gain him anything, particularly in the light of the promotional material Mr Clover’s company subsequently produced, examples of which are exhibited in these proceedings.

78. In view of the above, I think I can come to no other conclusion than that submitted by the opponents in their Statement of Grounds reproduced at the beginning of this decision:

‘The Opponent has used the trade mark HOLLAENDER RAINER in the United Kingdom continuously since 1985 in respect of rails, pipes and tubes; rail couplings, rail connectors, rail joints, all being of metal parts and fittings for all the aforesaid goods. By virtue of such use, the Opponent has acquired an extensive reputation and valuable business goodwill associated with their trade mark HOLLAENDER RAINER. Use of the mark HOLLAENDER by the Applicant in respect of rails and pipes; parts and fittings for rails and pipes, would be likely to deceive or cause confusion. Registration would be contrary to the provisions of Section 11 of the Act’.

The opponents win under s. 11, and I determine them to have a better claim to the mark HOLLAENDER RAINER under s. 12. In my view the applicants made a tentative entry into the UK market in 1984; the use of their name made a ‘mark in the sand’ which, as I believe I have shown, was not confirmed by subsequent use. The goodwill in the business accrued over the years to HRL, wiping out any claim to proprietorship by HMC.

79. Finally, there only remains the issue of the Registrar’s discretion. S. 17(2) was not specifically cited by the opponents; instead they state:

‘Any use of the mark HOLLAENDER by the Applicant has not been honest, having regard to the Applicant’s knowledge of the extensive USE of the mark HOLLAENDER RAINER

in the United Kingdom.

The conduct of the Applicant is such that the Registrar should in his discretion refuse the Application'.

S. 17(2) states:

'(2) Subject to the provisions of this Act, the Registrar may refuse the application, or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think right'.

'The word "may" here gives the Registrar a discretionary power to refuse registration to marks which do or may comply with section 9 or 10 and are not prohibited by section 11 or 12' (*Kerly's*, 4-07). There is thus no reason to apply it here.

80. The opponents have won, and I order the applicants them to pay them £700. This takes into account the payment of costs in the parallel proceedings, which were heard together with these, and in which the opponents, here, also succeeded. The sum is to be paid within one month the expiry of the appeal period or within one month of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 27<sup>TH</sup> day of September 2001**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar  
the Comptroller-General**