

O-095-10

TRADE MARKS ACT 1994

IN THE MATTER OF AN APPLICATION TO INVALIDATE (UNDER NO 83128)

TRADE MARK REGISTRATION 2358874 FOR THE MARK:

PRO-Lite

STANDING IN THE NAME OF: STEPHEN FENTON AND DAVID HINDE

TRADE MARKS ACT 1994

In the matter of an application to invalidate (under No 83128) the trade mark PRO-Lite (registration no 2358874)

Background

1. The proprietors of the trade mark (PRO-Lite) registration in question are Mr Stephen Fenton and Mr David Hinde. The trade mark was filed on 20 March 2004 and it completed its registration procedure on 1 October 2004. It is registered in respect of:

“bicycles; parts and fittings for the aforesaid goods”.

2. On 24 January 2008 an application for a declaration of invalidity was filed in relation to the above trade mark. The applicant’s details given on the requisite form TM26(l) are:

“Paul Gray, Cycle Sport Ltd
33 London Road Grantham
Lincs NG31 6ES”

3. I highlight the above entry as an issue arises as to whether the applicant for invalidation is Paul Gray or, alternatively, Cycle Sport Ltd. I will return to this point later. The application, though, is based on a single ground under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”) in that the use of the registered trade mark would be liable to be prevented under the law of passing-off. The primary points made in the accompanying statement of case are that:

The sign Pro-Lite was used by Freewheeler Leisure Products Limited (“Freewheeler”) between 1982 and 1986 in relation to bicycle parts and fittings thereof;

Cycle Sport UK purchased the goodwill and the right to use the Pro-Lite sign from Freewheeler in 1986;

Cycle Sport has used the Pro-Lite sign continuously from 1986 to date.

4. A counterstatement was filed denying that the use of the mark would be liable to be prevented under the law of passing-off. The counterstatement is from Mr Fenton rather than from Mr Fenton and Mr Hinde jointly. Mr Hinde has played no part in the proceedings. Nothing arises from this (other than, potentially, a costs issue) as I believe it right that either of the joint proprietors could defend the registration. The primary points of the defence are:

An admission that the sign Pro-Lite was used by Freewheeler between 1982-1986 in relation to BMX bikes and parts;

A denial that the applicant purchased the goodwill and any right to use the sign Pro-Lite from Freewheeler;

A contention that the applicant merely bought stock of Pro-Lite BMX bikes (and component parts) from Saracen Bikes Limited (“Saracen”) who were acting as a sales agent for Freewheeler who wished to dispose of their remaining stock and, furthermore, that Freewheeler was dissolved in 1993 and so any goodwill would have extinguished with it;

A denial that the applicant has used the mark since 1986;

A contention that as of 20 March 2004, Mr Fenton had made use of the sign PRO-LITE for a number of years and that this would defeat any claim in passing-off.

5. Both sides filed evidence, I return to this below. The matter then came to be heard before me on 10 December 2009 at which Mr Fenton was represented by Mr Henry Ward of Counsel, instructed by Ward Hadaway Solicitors. Mr Paul Gray attended the hearing as the applicant for invalidation. At the hearing, Mr Gray was cross-examined on his written evidence. Mr Fenton, together with a person giving evidence in support of his case, Mr Whittaker, were also ordered to attend for cross-examination but neither of them did so. I will return to the issue of cross-examination and non-attendance later.

The evidence

6. I will not summarise the evidence in detail here but will, instead, draw from it and refer to it when dealing with the substantive issues. For the record, the evidence is from:

- I. Mr Paul Gray – Mr Gray gives evidence about his purchase and use of the Pro-Lite sign. He gives evidence aimed at countering that of Mr Fenton. He includes letters from certain individuals that have been solicited for the proceedings regarding his own use of Pro-Lite, some being marked “to whom it may concern”.
- II. Mr Fenton – This relates, predominantly, to his own use of the Pro-Lite sign. He also gives evidence relating to Mr Gray’s claimed use. He also includes letters from individuals marked “to whom it may concern” regarding, predominantly, his own use of the sign.
- III. Mr Whittaker – Mr Whittaker’s evidence relates, predominantly, to Mr Fenton’s use and to some advertisements he claims to have produced for him.
- IV. Mr Stanforth – This relates, predominantly, to the sale of stock (as opposed to goodwill) by Freewheeler.
- V. Mr Poyzer – Mr Poyzer’s evidence predominantly concerns the sale of stock by Freewheeler. He also makes some statements regarding Mr Gray’s on-going business.
- VI. Mr Townsend – This relates to a faulty crank that he had been distributing which, he says, Mr Gray was also distributing under the PRO-LITE brand. He

makes some comments about Mr Gray's business under the PRO-LITE sign (that he is aware of it but cannot comment on its extent). He also refers to disputes with Mr Gray concerning brands that Mr Townsend was the distributor for but which Mr Gray also started to sell; one such dispute led to Mr Townsend complaining to Lincolnshire County Council Trading Standards Service. He is also aware of Mr Fenton's range of PRO-LITE products which, he says, have become hugely respected and admired.

7. In terms of the letters solicited for the proceedings, including the "to whom it may concern" letters, the approach I intend to adopt is to treat them as hearsay evidence given that the letter writers have not filed evidence themselves. Whilst this does not mean that the evidence should be ignored completely, an assessment of the weight that should be accorded to them must be made. Such an assessment must be made on a case-by-case basis. To assist in that, I will be guided by the Civil Evidence Act which states:

"4.— Considerations relevant to weighing of hearsay evidence

(1) In estimating the weight (if any) to be given to hearsay evidence in civil proceedings the court shall have regard to any circumstances from which any inference can reasonably be drawn as to the reliability or otherwise of the evidence.

(2) Regard may be had, in particular, to the following—

(a) whether it would have been reasonable and practicable for the party by whom the evidence was adduced to have produced the maker of the original statement as a witness;

(b) whether the original statement was made contemporaneously with the occurrence or existence of the matters stated;

(c) whether the evidence involves multiple hearsay;

(d) whether any person involved had any motive to conceal or misrepresent matters;

(e) whether the original statement was an edited account, or was made in collaboration with another or for a particular purpose;

(f) whether the circumstances in which the evidence is adduced as hearsay are such as to suggest an attempt to prevent proper evaluation of its weight."

Section 5(4)(a) – passing-off

8. Section 5(4)(a) of the Act reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

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

(b)

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

9. There are three elements (often referred to as “the classic trinity”) to consider in a claim for passing-off, namely: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position quite succinctly when he stated:

“The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff...Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

10. For the benefit of Mr Gray, who does not have professional representation in these proceedings, I highlight that the law of passing-off protects not the name itself but the property in a business or goodwill that could be injured by a relevant misrepresentation. It is not, therefore, a question about the proprietorship or the right to the name or, as Mr Ward put it at the hearing, it is not about who has a better claim to the sign in question. In relation to what goodwill is, this was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223 as:

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

11. It is also noteworthy from the relevant case-law that to qualify for protection under the law of passing-off, any goodwill must be of more than a trivial nature¹. However, being a small player does not prevent the law of passing-off from being relied upon - it can be used to protect a limited goodwill².

12. Dates are also important in passing-off cases. Matters must be judged at a material date. In the judgment of the General Court³ in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07 it was stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

13. The material date is, therefore, the date of filing of the trade mark in question, namely 20 March 2004. The applicant must have been able to succeed in a passing-off claim and possessed protectable goodwill at such a date. However, if the registered mark has been used before the material date then this must also be taken into account. It could establish a senior user status, or that there has been common law acquiescence, or that the status quo should not be disturbed as the parties have a concurrent goodwill. All of this could mean that the use of the mark could not be prevented under the law of passing-off at the material date⁴. On this aspect, there was a slight difference of views between myself and Mr Ward regarding the impact of earlier use and whether a separate and divisible notional passing-off assessment should be made at both the material date, and also at the date of the first use of the mark the subject of the registration (Mr Ward relying on the judgment in *Cadbury*

¹ *Hart v Relentless Records* [2002] E.W.H.C. 1984.

² See, for instance, *Stannard v Reay* [1967] F.S.R. 140, *Teleworks v Telework Group* [2002] R.P.C. 27 and *Stacey v 2020 Communications* [1991] F.S.R. 49).

³ The General Court (previously known as the Court of First Instance of the European Communities) represents a court of binding precedent.

⁴ See, for instance: *Croom's Trade Mark Application* [2005] R.P.C. 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] R.P.C. 42.

Schweppes v Pub Squash [1981] R.P.C. 429). However, I do not intend to debate this matter in detail because, to a large extent, whichever approach is adopted the answer is likely to be the same – for example, if Mr Fenton establishes a goodwill at a point in time when the applicant had none then he is bound to succeed as the senior user of the mark. For ease of explanation (and for Mr Gray’s benefit), a useful example of how all this fits together can be seen in the decision of Mr Geoffrey Hobbs QC (sitting as the Appointed Person) in *Croom’s Trade Mark Application* [2005] R.P.C. 2 where he stated:

“45 I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

(a) the senior user prevails over the junior user;

(b) the junior user cannot deny the senior user’s rights;

(c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.”

14. The applicant claims to have a protectable goodwill. Mr Fenton claims to be a senior user or, at the very least, that he has a concurrent goodwill. In view of this, I will begin by examining both sides evidence to determine whether the respective parties have/had a goodwill and from when such goodwill commenced. I will then apply those findings to the passing-off claim.

The applicant’s business & goodwill

15. The primary evidence on this comes from Mr Paul Gray. Mr Gray was cross-examined at the hearing so I will begin with my assessment of him as a witness. I found Mr Gray to be a keen and confident witness. His answers were straightforward and he showed no desire to obfuscate from the questions put to him. Most of his answers were clear and understandable and given with conviction. He came across as a knowledgeable person in his field. That being said, some of his answers had less conviction and his answers less compelling; I will come on to where this was so later. Mr Ward accused him of developing/changing his answers when he later realised the implications of what he had said earlier – I do not share this criticism and my view was that he simply did not understand some of the questions put to him clearly enough despite them being clarified by Mr Ward and on one occasion by myself; again, I will come on to this aspect of the cross-examination later.

The applicant – Mr Gray, Cycle Sport UK or Cycle Sport Ltd?

16. In his first witness statement Mr Gray explains that he is the managing director of Cycle Sport Ltd (incorporated in 1997) and the owner of Cycle Sport UK (since 1984). There is no claim that Cycle Sport UK is a legal person. Under cross-examination (and the documents relied upon by Mr Ward) it became clear that Mr Gray trades as Cycle Sport UK from his shop in Grantham. Cycle Sport UK is his trading style. Cycle Sport Ltd relates to a separate business (a different shop) which he ran with a partner (by “partner” I assume that they both owned shares in the

company and ran it together) which also sold Pro-Lite goods; the partner has now been bought out. In terms of the applicant for invalidation, given that the claim is that the relevant goodwill stems from the purchase of Freewheeler's goodwill and subsequent use since then, and given that this was prior to the incorporation of Cycle Sport Ltd, it must be Cycle Sport UK, in other words Mr Gray personally, that is the applicant for invalidation. The first name given on form TM26(I) was that of Mr Gray and I will, therefore, take him to be the applicant for invalidation.

Freewheeler's goodwill associated with the Pro-Lite sign – was it sold to Mr Gray?

17. There is no dispute that Freewheeler had a business selling BMX bikes and component parts under the sign Pro-Lite, at least up until the mid 1980s. There is no dispute that the business had a goodwill to this extent. There is, though, a dispute as to whether Freewheeler sold any of its goodwill to Mr Gray. Mr Gray believes that he did purchase the goodwill whereas Mr Fenton counterclaims that Freewheeler merely sold stock to him (amongst other retailers) and not the name or any goodwill associated with it.

18. Mr Gray's initial claim is that the transaction with Freewheeler was completed circa 1986. This can be seen in the statement of case accompanying the application for invalidation and also in a letter that Mr Gray wrote to the Intellectual Property Office on 5 September 2006 during the examination stage of his own later filed trade mark (application 2411126); this letter is adduced in his evidence.

19. Mr Fenton filed evidence from Mr Richard Stanforth. Mr Stanforth is the Chairman of Saracen Bikes Limited ("Saracen") who recalls that in or around 1986 Saracen were approached by Freewheeler who wished to withdraw its PRO-LITE brand of BMX from the market. Saracen was appointed as agent to sell off the remaining stock. Sales were made to a number of people/companies including Paul Gray, Mike Poyzer and Halfords. He adds that Mr Poyzer purchased more than Mr Gray, Halfords purchased the most, that Halfords purchased mainly complete bikes, whereas Mr Poyzer and Mr Gray purchased a mixture of bikes and component parts. He states that only stock was sold and that each sale was on the same terms as the others. Saracen did not sell any goodwill or rights in the name PRO-LITE, which, he assumes, Freewheeler remained the owner of. He recalls that Freewheeler went into liquidation some years later. He states that he has limited knowledge of Mr Gray's business after the mid 1980's; he assumes that he [Mr Gray] sold his PRO-LITE stock in the same way as Mr Poyzer and Halfords.

20. Mr Gray's further written evidence (by which time he had seen Mr Stanforth's evidence) is that Saracen did not dispose of all the Freewheelers stock in 1986. He states that whilst Saracen did dispose of a lot of stock, he continued to do business with Freewheeler after Saracen ceased being its agent. He adds that Freewheeler had a large amount of stock in a warehouse near Heathrow Airport. He states that he continued to purchase from them at the same time as his purchase of the Pro-Lite name. He states that this may not have been in 1986, but possibly as late as 1989. A credit note from Freewheeler to Cycle Sport UK is provided (document 140 of his evidence) dated November 1988. It does not mention Pro-Lite, but instead states:

"SKATELIGHT CHASSIS – GOODS NOT DELEIVER – QUANTITY 107."

21. Mr Stanforth also gives further evidence. He stresses that Saracen were appointed to sell off all remaining stock and that nothing remained after this was done. He says that he would be very surprised if Mr Gray had obtained stock from Freewheeler after Saracen's involvement because they were appointed (although there is no written agreement) as an exclusive agent and a later sale direct to a retailer would be in breach of such agreement. He states that when appointed, Saracen were given an inventory of all stock which was then all sold. Freewheeler were selling stock because they wanted to focus on other products and he does not believe that they would get involved in selling relatively small quantities to individual retailers such as Mr Gray. In relation to the credit note, he does not believe this to be a bike component, he also highlights that it was not on his inventory; he assumes the invoice relates to something from one of Freewheeler's new product range such as a skateboard part. He states that Freewheeler never raised the possibility of selling the bike business as a going concern or selling any rights in the brand.

22. There is also written evidence from a Mr Poyzer who is involved in the bike business and has known Mr Gray for many years. Mr Gray worked for Mr Poyzer in the early 1980s but Mr Gray left in around 1983-1984 to set up his own business. Mr Poyzer states that he would be surprised if Mr Gray had bought the rights in the PRO-LITE name. He refers to the stock sale by Saracen and he confirms that he bought stock greater in quantity than Mr Gray. He does not recall that Freewheeler were selling anything other than stock, as far as he was aware they were not selling the goodwill or any rights.

23. Under cross-examination, Mr Ward challenged Mr Gray in relation to the purchase of the goodwill from Freewheeler. Mr Gray stated that the transaction was recorded on an invoice. He stated that this was after the 1988 credit note so he assumed it was in 1989. In relation to its content he stated:

"It basically said from memory that I purchased everything from them, their entire stock. They had a warehouse near Heathrow Airport that they rented full of BMX cycle stock. I met Mr. Copeland there and purchased everything off him, absolutely, everything they had left, and agreed with him also to continue using the Prolite name because I also asked him about Diamondback. I vaguely remember him saying, "You cannot use the Diamondback name because we are only an importer, but you can have the Prolite and Proline names, which I got from him. They continued in business, but they wanted to clear the warehouse out so I bought absolutely everything in this warehouse. They continued then in the toy business, selling rockets as their main business."

24. In relation to the 1988 credit note which is intended to be evidence of continuing (post Saracen) dealings with Freewheeler, Mr Gray explained that a "skatelight chassis" was:

"... the plate that went on a Skyway Street Beat frame to do freestyle tricks. I can tell you what it is. It is a down tube which goes towards the chain set. It used to have a skid plate on it, which was a nylon plate bolted on to it so when you went up kerbs or steps you slid. Modern BMXs tend to just scratch their frames. It is the fashion now. But in the 80s, they used to fix skid plate

and that was a skid plate off a Skyway Street Beat frame, which was a very popular frame in the 80s.”

25. Mr Ward also questioned Mr Gray about why his original statement was that the transaction took place in 1986 or circa 1986 and why he did not initially refer to his dealings with Saracen. Mr Ward argued that Mr Gray had to change his story due to the fact that he had subsequently seen Mr Stanforth’s evidence relating to Saracen’s role as agent for the sale of remaining stock and that this did not include the purchase of any goodwill. Mr Ward argued that all that had happened was that Mr Gray had purchased stock from Saracens in 1986 and that Mr Gray did not purchase anything else from Freewheeler (be it stock or goodwill) at any subsequent point. Mr Ward also argued that it was extremely unlikely that the sale of the goodwill in a business associated with a particular sign would simply be added to an invoice.

26. In relation to the change of story, Mr Gray explained that upon considering matters in more detail he realised that the transaction was later than he had first recalled and, furthermore, the credit note had triggered his memory given that the transaction relating to the name took place after that event. He highlighted that the events took place more than twenty years ago and that his original claim (1986) was simply a mistake. He also highlighted that he had used the words circa 1986 so he had never, in any event, given a precise date. He said that he did not mention the Saracen dealings because he did not consider it relevant as he was only giving a brief history of the brand.

27. I do not find Mr Gray’s apparent change of story to represent anything sinister. As Mr Gray stated, the matters under discussion took place more than 20 years ago and it would not be surprising if, upon further reflection and thought (even if this stemmed from seeing Mr Stanforth’s evidence), a potentially relevant date is changed. Mr Gray says that this was simply a mistake and I see no reason to disbelieve him. Having said that, what went on in the warehouse near Heathrow is unclear and I agree with Mr Ward that it would be a very surprising turn of events for the purchase of a goodwill in a business to simply be added to an invoice obtained whilst buying some goods from a warehouse. I did not find Mr Gray’s explanation of events to be particularly compelling as regards what was purchased at the warehouse. He refers to BMX cycle stock but did say whether this was Pro-Lite, unbranded or other branded stock. He refers to agreeing with Freewheeler (Mr Copeland) that he could continue using the name and he then refers to Freewheeler saying he could have the name “which I got from him”.

28. The ability to use a name is a quite different proposition from the purchase of a businesses’ goodwill. Although Mr Gray’s latter explanation (“you can have the Prolite and Proline names, which I got from him”) goes beyond that, the nature of any agreement is so vague that without any supporting documentation to prove the purchase and the nature of the underpinning agreement, I have difficulty in holding that Mr Gray purchased any goodwill. Furthermore, whilst Mr Stanforth was only in a position to discuss matters that took place in 1986 (he may be unaware of subsequent events), as Freewheeler’s sales agent he would have been in a very good position to know of Freewheeler’s intentions; he is also clear that all Pro-lite stock was to be sold and that it duly was. Mr Poyzer’s evidence also corroborates that given by Mr Stanforth.

29. It is not disputed that Mr Gray bought some Freewheeler's stock in 1986 from Saracen. As to any subsequent transactions, whilst the credit note demonstrates that some form of post Saracen transaction has taken place, it is not clear that this represented Pro-Lite branded stock. The credit note, the only corroborative piece of evidence, makes no mention of Pro-Lite. The explanations provided by Mr Gray do not make it any clearer. In any event, regardless of any subsequent transaction, the evidence does little to support the proposition that there was a sale of goodwill. My findings are as follows:

- 1) Mr Gray purchased Pro-Lite stock (bikes and component parts) from Freewheeler (via Saracen) in 1986;**
- 2) Whilst some form of post Saracen transaction may have taken place in 1988, it is not clear whether this relates to Pro-Lite products;**
- 3) Either way, I cannot hold that Mr Gray purchased Freewheeler's goodwill to the extent that it was associated with the Pro-Lite sign.**

The continuing use of Pro-Lite

30. Mr Gray states that since the transaction relating to the purchase of the name (so 1988/1989), he has continuously used the Pro-Lite name. As I have found that there was no purchase of Freewheeler's goodwill, this can only be relevant from a point in time after Freewheeler's old stock was sold. Specifically, it must come from a point in time when Mr Gray's own Pro-Lite products were being produced and sold. The evidence relating to this comes from a copy of a letter Mr Gray sent to the Intellectual Property Office concerning his own trade mark application, the letter (dated 5 September 2006) and attachments have been adopted into these proceedings. He also filed further written evidence himself. In relation to the letter, the evidence provides:

- 1) 81 pages of invoices relating to the purchase by Cycle Sport UK (although some of the later invoices show Cycle Sport Ltd as the purchaser) of goods including Pro-Lite products or, alternatively, unbranded products with the word Pro-Lite added by Mr Gray in order to reflect his claim that in the early days complete cycles and parts were sourced unbranded which were then branded and packaged in the UK. The invoices cover the 10 year period 1996-2006. The invoices are from Taiwanese Companies called Magic Winner (the vast majority of invoices) and Position One International. Mr Gray appears to put most of his manufacturing orders through Magic Winner;
- 2) Invoices (the purchaser being Cycle Sport UK/Cycle Sport) dated 27 January 1995 & 12 September 1995 for the purchase of Pro-Lite decals;
- 3) Cycle Sport (Ltd) trade catalogues. The 2002 catalogue shows PRO-LITE spokes, forks, unicycles, handle bars, stems and cranks. I note that a stylised version of the PRO-LITE name is shown at the top of each page along with other brand names. A 2005 catalogue (a stylised version of PRO-LITE is shown on the front cover and at the top of each page

alongside other brands) showing PRO-LITE bike parts is also provided. A “dealer update” is provided from September 2005 showing similar products;

- 4) A letter from a Mr Moran dated 1 September 2006 (marked “to whom it may concern”) stating that he acted on behalf of Mr Gray/Cycle Sport as a self-employed sales agent between 1994-1996 and that he sold the ProLite brand into a number of independent cycle retailers. He also assisted Mr Gray with the printing of ProLite decals which he says were printed by a company called Primeprint;
- 5) Advertising material. Mr Gray explains that he wished he had kept old copies of advertisements. He also says he spoke to Mark Noble (the Editor of Ride Magazine) who, unfortunately, does not keep old copies of these magazines either. In any event, there is a letter from Mr Noble explaining that the following comes from the December 1995 edition of the magazine: included is an advertisement for Cycle Sport listing various brands including PRO-LITE. The goods sold under the sign are complete bikes, hubs, spokes, brakes, seats and posts. There is also a feature page advertisement for a PROLITE freestyle bike and a dirt bike, together with various parts;

Also provided is an advertisement placed in Ride Magazine (November 2000) for a pro-lite (stylised) crank which can be obtained from leading bike shops or direct from Cycle Sport UK. Instructions for the crank are also provided (the stylised version is heavily featured);

There is also an advertisement placed in Ride Magazine (December 2005) showing PROLITE (stylised) for various parts of bikes. The domain name www.prolite.bmx is used and the distributor is given as Cycle Sport Ltd;

There is an advertisement placed in Ride Magazine (December 2003) showing various pro-lite (stylised) and PROLITE parts headed “new range for 2004”;

There is an advertisement placed in Ride Magazine (November 2005) where products were sent to the magazine who refer to PROLITE as “possibly the longest running UK company..”. Also shown is an advertisement for Cycle Sport Ltd showing various Prolite components;

In all of the above, the most common form of stylised PRO-LITE logo is depicted below:



- 6) The next piece of evidence includes copies of artwork said to be newly designed in 2002. It includes the stylised version shown above and also

some other stylised versions of the name which are said to have been used between 1985 and 2002;

- 7) Next there is an exchange of correspondence between Mr Gray (it is on Cycle Sport Ltd headed paper) and Amy Chu. Ms Chu works for Magic Winner. Mr Gray asks that she confirms that purchases of Prolite cycles and parts have taken place since 1995 and he also asks that she confirms that Mr Fenton, whilst working for Wei Hui, supplied Cycle Sport (through Magic Winner) with Prolite products and that the three of them have spoken regarding such products on several occasions at the Taipei Cycle Show.

Ms Chu's response simply states that Cycle Sports Ltd have been purchasing ProLite cycles from 1998 and components since 2000.

The brevity of response from Ms Chu is explained by Mr Gray (following a telephone conversation with her). He says that her recollection was that sales commenced in 1998 (although Mr Gray highlights that he has an invoice from October 1996) but that Mr Fenton's company has threatened legal action against her if she supplies further products with Pro-Lite on. In terms of these threats, Ms Chu sent a fax to him, but as it is in Chinese I cannot say too much about this. Mr Gray explains that he has known Mr Fenton for about 8 years as he (Mr Fenton) used to work for the manufacturer Wei Hui and that he would talk to him once a year at the Taipei Cycle. At the show Mr Gray, Mr Fenton and Ms Chu would speak about the Pro-Lite products, the orders for which were put through Magic Winner. He states that this shows that Mr Fenton was familiar with Cycle Sport and its Pro-Lite brand and that he registered the name and copied the old style logo.

31. Other evidence is provided in documents 132a, 133a, 134a & 135-139 of Mr Gray's witness statement. 132a is a bike test in Ride Magazine (June/July 1996) for the PRO-LITE FREESTYLE PRO. 133a is a bike test/review from Ride Magazine (April/May 1997) for a PROLITE FS. 134a, 135 & 136 are further invoices from July 2004 showing PROLITE product, not all, though, specifically refer to PROLITE. The first page shows that the invoice is between Magic Winner and Cycle Sport UK. The other pages are not headed, but they could well be further pages in the same invoice.

32. Documents 137-139 are documents relating to an action with the Advertising Standards Authority concerning an advertisement by *Ison Distribution* which suggested that a ProLite product (a crank) may have been faulty. Mr Gray states that it was not faulty and action was taken to clear his name.

33. Mr Gray states that he contacted all the main BMX distributors to ask them how long they had known Cycle Sport to be associated with the sourcing of the Pro-Lite brand. Four responses were received.

- 1) Mr Griggs of IMG DISTRIBUTION states that he is aware of Pro-Lite having been sponsored by Freewheeler as a rider between 1985 and 1986, he adds

that he has been very aware of the promotion and marketing by Cycle Sport of the Pro-Lite brand through retail, wholesale and mail order.

2) Mr Dawkins of Seventies Distribution states that he has been in the cycle industry since 1989 and has had many dealings with Cycle Sport Ltd and their brand Pro-Lite, he adds that he instinctively associates Pro-Lite with Cycle Sport UK Ltd and he is sure the rest of the industry would do so too.

3) Mr Smith of Custom Riders states that he can remember Paul [Mr Gray] buying the ProLite brand back as early as the 1990s and that he has made many products under this brand name. He has always associated the brand Prolite with Cycle Sport Ltd. He adds that his computer systems show many invoices with ProLite parts as far back as 2002.

4) Mr Morris of Down Distribution says that he has worked with Paul and Cycle Sport since the mid nineties and he always associates Cycle Sport with the brand Pro-lite.

34. Mr Ward cross-examined Mr Gray on a number of issues. In relation to the invoices, Mr Ward highlighted that a number of the hand-written references to Pro-Lite were not correct because it was clear from the overall construction of the particular invoice that the products were not unbranded Pro-Lite products, but were instead other branded products. Mr Gray conceded that he must have made a mistake in the labelling of some of the invoices but stated, on oath, that the others were correct.

35. Mr Ward also questioned Mr Gray on the sales of Pro-Lite goods particularly against the background that such sales were only part of a large range that were offered to the public/trade. Mr Gray conceded that Pro-Lite was only one of a number of brands sold but that it was still an important part of the business. Against that background, Mr Ward highlighted that no evidence of actual sales to customers had been provided by Mr Gray in his evidence. Mr Ward then produced some information from a letter sent to the Intellectual Property Office in 2007 (in relation to Mr Gray's application for registration) in which Mr Gray had given some sales figures. For example, between 2000 and 2001 sales were to the value of £123,602. Mr Gray stood by these figures on oath before me. Mr Ward then produced financial information for Cycle Sport Ltd showing that in the same period turnover for the company was £122,755. This, Mr Ward said, produced an inconsistency given that Pro-Lite was one of around 30 brands sold yet it amounted to more than the turnover of the whole company. Mr Gray explained this inconsistency in a calm and clear manner. He explained that the turnover figures provided by Mr Ward for Cycle Sport Ltd related to a separate company in respect of a shop that he ran in partnership with a Mr Scott (I note that Mr Scott's name appears on some of the financial information) in Lincoln, which is separate from his own personal business which relates to the mail order business and his shop in Grantham which turns over nearly £1million. Mr Gray has now bought Mr Scott out of the business. Reference to this other business also appears on the financial reports which states: "Mr Pf Gray also trades as Cycle Sport UK based at Grantham..". Although Mr Ward argued that the sales figures were likely to be much smaller than Mr Gray had stated in his letter to the Intellectual Property Office, I see nothing implausible in Mr Gray's explanation. I

am, therefore, content to accept that sales of Pro-Lite goods equated to: £79k 1999-2000, £123k 2000-2001, £51k 2001-2002, £80k 2002-2003, £38k 2003-2004. Although these figures are not in Mr Gray's written evidence, Mr Ward produced them and Mr Gray stood by them on oath.

36. In terms of the invoices themselves, Mr Gray clarified during cross-examination that they were between Cycle Sport UK (Mr Gray personally) and the Taiwanese manufacturer, despite some later ones being made out to Cycle Sport Ltd. He stated that it is he who supplies the trade in the UK and that no one else imports Pro-Lite due to his ownership of it.

37. During his submissions, Mr Ward argued that the evidence was extremely sketchy in relation to the invoices and questioned the degree of reliability that could be placed on them. Whilst I understand his reservation, I do not consider it appropriate to rule them out. Mr Ward suggested to Mr Gray that he had simply added the word Pro-Lite to all products that had no accompanying brand name but, as Mr Gray pointed out, there were many unbranded entries that were left unbranded. I am, therefore, prepared to believe that Mr Gray simply made a mistake on some and that the bulk of the Pro-Lite entries are correct. The invoices show a pattern of trade in terms of manufacturing purchases. The invoices for decals support the proposition that Mr Gray applied the Pro-Lite decals for sale in the UK. Such activity has been undertaken since at least January 1995 (the date of the one of the decal invoices). There is also evidence of magazine advertisements and advertorials dating from the mid nineties. The level of sales, though, is not clear at this point in time. Sales in a later period (1999-2004) ranged between £38k & £123k but it would be wrong to infer that the same would have taken place between 1995 and 1999.

38. Regardless of the above, there is a gap between the sale of the old Freewheeler stock and the first documented importation and sales of Mr Gray's own stock. Mr Gray's written evidence is that sales have been continuous from 1988/1989 to the present day. However, there is little evidence to corroborate this, or from which I can make an informed decision on whether such use would have created any form of goodwill.

39. Corroboration could be said to come from the BMX distributors, however, two of them do not place their knowledge of Mr Gray's use to any specific date range, one, indeed, refers to the mid nineties. I accept, though, that one of them refers to Mr Gray's purchase of the Pro-Lite brand in the early nineties and subsequent sales. In terms of what weight to give these letters, I have no reason to suspect that they were filed in this form so as to avoid proper scrutiny or for improper motive but they are, nevertheless, referring to a point in time long since passed. On the other hand, although Mr Gray put a question to them, they at least answered it in their own words and gave their view on matters. I will give them some weight, but in terms of establishing whether Mr Gray had a goodwill before the mid-nineties, they are not sufficient to make good that point absent any other corroborative evidence.

40. Mr Ward also highlighted that when Mr Gray asked Ms Chu for a letter he only, himself, referred to purchases since the mid 1990s (she only refers herself to 1998) so he did not even claim to her that such use had been any earlier than this. Whilst I

do not place much weight on this point (another company may have been involved prior to Ms Chu's company), and whilst I note that Mr Gray explained his lack of corroboration on the basis of misunderstanding (he was focussing on an honest concurrent use guideline of 5 years), the fact remains that there is little evidence for goodwill prior to the mid 1990s. Therefore, I can only accept that the business of producing and selling Pro-Lite products as a separate business from Freewheeler began in 1995. My findings are:

- 4) Mr Gray imported unbranded cycles and component parts from 1995 onwards in order to produce Pro-Lite products;**
- 5) Later, this included the importation of goods manufactured for him already branded Pro-Lite;**
- 6) Sales would have taken place from 1995 and, although no sales figures are available, I accept that such a business was of more than a trivial nature;**
- 7) Sales from 2000 onwards are certainly of more than a trivial nature;**
- 8) The relevant market from 1995 onwards relates to BMX bikes and component parts.**

Would any goodwill be owned by Mr Gray or Freewheeler in dissolution?

41. Mr Ward described this as a fundamental flaw in Mr Gray's claim. The argument is that even if sales had taken place any goodwill would still relate to Freewheeler, or more correctly the Crown (as *bona vacantia*) since Freewheeler's dissolution. This is argued because Freewheeler clearly owned a goodwill (neither side dispute this) in the mid 1980s and that the continuation of the use of the name by Mr Gray would not result in him generating goodwill of his own, but instead that it would flow to Freewheeler. Mr Ward highlighted that one of the advertorials relating to one of Mr Gray's products described Pro-Lite as "possibly the longest running UK company.." and, furthermore, that some of the BMX dealers refer to Mr Gray as being associated with Pro-Lite which could simply mean as a distributor or retailer rather than being the owner of the business to which the goodwill relates. In other words, the products being put out by Mr Gray's business will still be seen as those of Freewheeler and any goodwill cannot, therefore, accrue to Mr Gray.

42. I understand the argument, but I do not agree with it. Mr Stanforth gave evidence that Freewheeler wished to withdraw its Pro-Lite brand from the market, indeed, its bike business was to be withdrawn altogether. There has never been any suggestion, let alone evidence, that Freewheeler wished for it to be recommenced. Freewheeler was dissolved in 1993. Freewheeler's business was destroyed upon its dissolution and with it its goodwill. The public rarely know what is going on behind the scenes of a business. This can be seen in *Pink v J A Sharwood & Co Ltd* [1913] 30 R.P.C. 725 where a business discontinued in 1910 was held to have had its goodwill come to an end at that point. Without evidence to the contrary, Freewheeler has abandoned its goodwill. In *Pink v J A Sharwood* it was stated:

“If, hereafter, the plaintiff should recover and resume business, he will resume with the benefit of his former reputation, but the goodwill which he will then assume will be a goodwill he will then start to create, and not the goodwill of the old business revived and resuscitated”

43. I also note the extract from *Wadlow's*⁵ at paragraph 3-176. Although this deals with the issue of adverse possession of goodwill, which has not been claimed by Mr Gray, the commentary has a parallel here:

“It may happen that what appears to the public to be one continuous business has in fact been carried on by two or more unconnected persons in succession. This may happen by agreement, by co-incidence, or as a result of a passing-off action going unrestrained. If the succession is by consent, then it may be reasonable to infer an assignment of the goodwill in the old business. If not, then although there appears to be no express authority there is no reason to believe that any surviving goodwill of the old business accrues to the new one. The new business may generate goodwill of its own, but the goodwill of the old business is simply extinguished.”

44. I have already found that the dealings between Mr Gray and Freewheeler are unclear and, consequently, I cannot infer succession by consent. However, the new business (Mr Gray's business) may generate its own goodwill with the goodwill of the old business extinguished.

45. All of this is consistent with the accepted principle that goodwill exists not in the sign itself but in a business that has custom. Freewheeler no longer has a business and, so, Mr Gray's use cannot generate goodwill to Freewheeler in dissolution. The fact that someone in the trade may mistakenly believe that Mr Gray's business is the same as, or a succession of, Freewheeler's business, does not affect this proposition. Mr Gray, on the other hand, does have a business which, on the face of it, would generate goodwill - the Pro-Lite products were his businesses' responsibility from the mid 1990s onwards.

Goodwill in the sign simplicitor or in the sign stylised

46. Mr Ward submitted that, in any event, there would be no goodwill associated with the word PRO-LITE, but only with the various stylised versions. His submissions were centred more on the misrepresentation aspect of this (I will return to this) but it is, nevertheless, important to consider the question here. Although goodwill exists in a business and it is wrong to say that a particular sign has goodwill, such goodwill must be associated with the sign being relied upon. The sign must be distinctive of the business relying upon it. This can be seen, for example, in the judgment in *T Oertli, AG v EJ Bowman (London) Ltd (No.3)* [1959] R.P.C. 1 where it was stated:

“It is, of course, essential to the success of any claim in respect of passing-off based on the use of a given mark or get-up that the plaintiff should be able to show that the disputed mark or get-up has become by user in this country

⁵ Law of Passing-Off, The: Unfair Competition by Misrepresentation, 3rd Edition, by Christopher Wadlow.

distinctive of the plaintiff's goods so that the use in relation to any goods of the kind dealt in by the plaintiff of that mark or get-up will be understood by the trade and public in this country as meaning that the goods are the plaintiff's goods"

47. The sign need not be exclusively distinctive though. In *Associated Newspapers v Express Newspapers* [2003] F.S.R.51 it was stated by Laddie J:

"As Mr Watson implicitly accepts, there is no requirement in the law of passing off that the claimant's reputation has to be exclusive. There have been a number of cases where a claimant has succeeded even though he was not the only trader with a reputation in the mark. A newcomer who adopts a mark employed by more than one competitor and thereby deceives the public harms each of them. There is no reason in principle and no authority which suggests that because a number of proprietors are harmed, none of them can seek to restrain the interference with their trade."

48. It is true to say that many of the uses set out in Mr Gray's evidence show that the sign has been used in a particular form of stylisation. It has, though, also been used on price lists and magazine articles as a word without stylisation and also on some of the advertisements themselves. Whilst I accept Mr Ward's argument that some "word only" use in these guises is inevitable, this does not mean that the word itself will not be regarded by a member of the public who encounters it as a distinctive sign of the business providing the goods. Consumers are used to seeing trade marks used in particular forms of stylisation but they still notice and attach trade significance to the words as well. Indeed, to see a trading sign in the course of trade without some form of stylisation at all would be rare. The fact that the words themselves have a suggestive quality ("pro" being short for professional and "lite" being suggestive of lightweight) does not prevent the words used in the stylised sign from being distinctive. In any event, and as stated earlier, there are ample examples of the word being used without stylisation.

49. During cross-examination, Mr Ward asked whether Mr Gray was aware of any confusion that had occurred with any other traders' use of the sign PRO-LITE. This is the question that Mr Gray had most difficulty with. He eventually answered that he was not aware of any confusion. Mr Ward then highlighted to Mr Gray that other traders use the sign PRO-LITE, but Mr Gray indicated that he had not heard of them with one exception, namely the HARO PRO-LITE, the use of which had been brought to his attention but with which he was not concerned. Mr Ward felt that this was another example of a change of story as Mr Gray had initially said that he was not aware of any confusion but then changed his story to say that the HARO PRO-LITE had been brought to his attention. Again, I do not share this criticism as Mr Gray's knowledge of HARO PRO-LITE does not appear to have stemmed from customer confusion given that he later went on to state that he was made aware of the HARO PRO-LITE by Dan, his warehouse manager, and also by a sales representative of HARO. Overall, I can take little from this aspect of the cross-examination as there is no evidence to show that the words PRO-LITE are simply descriptive or commonly used in the trade. I am, therefore, left with the evidence of the actual use. On this basis, it is my view that any goodwill will be associated not just with the stylised version of the sign used, but also with the word itself. Those

consumers who are aware of the business and its relevant goods will regard PRO-LITE as a sign distinctive of that business.

Conclusion on Mr Gray's business

50. In view of the above analysis, it is clear to me that Mr Gray's business would have had an independent (from Freewheeler) protectable goodwill from the mid 90s onward. The one hesitation I have concerns the incorporation of Cycle Sport Ltd (in 1997) and whether it has attracted a separate goodwill from Mr Gray personally given that some of the later invoices are made out to Cycle Sport Ltd and given that some of the trade catalogues refer to Cycle Sport Ltd. My view is that this is not the case, as all Cycle Sport Ltd may have done is to retail the goods of Mr Gray. I note from Mr Ward's cross-examination bundle that Cycle Sport Ltd bought stock from Mr Gray (trading as Cycle Sport UK) on normal commercial terms. My summary of findings in relation to Mr Gray's business is as follows:

- A) That Mr Gray did not purchase any goodwill from Freewheeler;**
- B) That Mr Gray has his own independent goodwill dating from 1995 onwards;**
- C) That Mr Gray's goodwill is associated with the sign PRO-LITE.**

Mr Fenton's business & goodwill

51. Mr Fenton is the primary evidence giver. He states in his evidence that he has been involved in the cycle industry since 1973 and that he has raced bikes at competition level since 1973. The claimed use has two distinct phases. For convenience, I will detail them separately.

Use between 1990 and 2000 - summary

52. Mr Fenton states in his evidence that his use of the PRO-LITE sign began in 1990 when he set up a company called Research Dynamics (in Newcastle-upon-Tyne) producing a range of high end mountain and road bikes. He says that to enhance the range sold, add on products (essentially bicycle components and parts) were also made available so allowing the ordering of customised bikes. The primary brand was COYOTE – the frames were called COYOTE ULTRALITE and the range of add on products were branded COYOTE PRO-LITE. The adoption of the word PRO-LITE was due to the suggestion of "professional lightweight" products. Under COYOTE PRO-LITE, goods such as handlebars, handlebar stems, headsets, seat posts, saddles and hubs were offered. He states that between 1991 and 1997 frames were sold under COYOTE ULTRALITE and parts under COYOTE PRO-LITE with considerable success. He adds that they became the second biggest customer in Europe of "Easton" tubing which is only offered to prestigious established brands. The main markets were the UK and the US but by 1997 they were selling worldwide.

53. In 1997 Research Dynamics sold its COYOTE brand and business to Concept Cycling (based in Manchester). As part of the sale, Mr Fenton agreed to work for Concept Cycling until 2000, during which time he continued to develop the COYOTE

brand and to source, develop and sell add-on products and bike parts under the PRO-LITE brand.

54. Mr Fenton, though, has limited records relating to the use of the PRO-LITE brand between 1990-2000, due to the records of Research Dynamics being destroyed in a flood. He does not state whether he has tried to obtain records from Concept Cycling. He states that during this period he sourced most of the PRO-LITE cycle products from Taiwanese manufactures through a trading company called Jamars International Co Ltd (“Jamars”). Jamars would place orders with various manufactures on his behalf which were then consolidated and shipped to him. To corroborate this he refers to the following:

Exhibit SF1 - this consists of two letters from Lou Huang of Jamars (dated 1 September 2006 and 2 January 2009). In combination, the letters confirm that they supplied PRO-LITE branded bicycle parts to Mr Fenton during the period 1992-2000 and that the words PRO-LITE were clearly depicted on them.

Exhibit SF2 – this contains what Mr Fenton describes as shipping documents relating to the supply of PRO-LITE branded products by a number of Taiwanese manufactures to Jamars. They are in Chinese, but Mr Fenton provides a translation showing five invoices from five different manufactures, with Jamars being the consignee. They range in date from 5 January 1991 to 23 December 1997. The invoices themselves use the word PRO-LITE.

Exhibit SF3 – this consists of the witness statement of Mr Steven Whittaker. Mr Fenton says that he used the services of Mr Whittaker during this period for the production of art work. Mr Whittaker states in his witness statement that he is a graphic designer who worked with Mr Fenton on the production of artwork for advertisements and decals. He says that this was undertaken, of and on, between the early 1990s and about 1997. He recalls that Mr Fenton’s main brand at this time was COYOTE and that he sold frames under COYOTE ULTRALITE and components under COYOTE PRO-LITE. He states that Mr Fenton came up with the PRO-LITE idea but that he may have been using it prior to his involvement. He recalls sending artwork to Jamars in Taiwan. Mr Whittaker has limited records of his work with Mr Fenton (due to the length of time which has elapsed) but he was able to locate two advertisements that he put together. Exhibit SW1 (of Mr Whittaker’s evidence) shows COYOTE frames and parts. The parts (seat posts, headsets and hub sets) are sub-branded PRO-LITE and the words PRO-LITE appear on the actual goods. SW2 is for the COYOTE ULTRALITE frame (no PRO-LITE components are depicted here).

Mr Whittaker says that both are from the mid 1990s. I note that the bottom of the SW1 advertisement states “1995 frames available...”. He states that the PRO-LITE logo used is the one currently in use by Mr Fenton’s company. Mr Whittaker states that in the late 1990’s he went to work for Concept Cycling, this was shortly after it had bought the COYOTE business. Mr Fenton, as highlighted earlier, also worked for Concept Cycling as brand manager. Mr Whittaker recalls that when Mr Fenton left Concept Cycling they discussed his plans which were to set up his own business focussing on lightweight parts for

road bikes and that he adopted PRO-LITE as his main and only brand with considerable success. Mr Whittaker's dealings with Mr Fenton since he left Concept Cycling have been more limited. He has, however, helped Mr Fenton with artwork from time to time for the past six years or so.

Exhibit SF9 – this consists of letters from customers Mr Fenton has dealt with. He admits that they are pro-forma in nature but that this was due to time constraints around Christmas 2008. The letter writers confirm that they have known of Mr Fenton since 1990 when he started COYOTE bikes and that they purchased and sold PRO-LITE components and Coyote bikes which were Coyote frames fitted with PRO-LITE components. They make further reference to continuing sales but, as this relates to more recent use, I will come back to this later. Letters of this type come from *Chain Reaction, David Mellor Cycles, tri and run, Kemco, Polaris Apparel, Keswick Bikes* and *Alltrax*.

55. Mr Fenton's contract with Concept Cycles ended in 2000. From this point on he says that Concept Cycles continued to use COYOTE but not PRO-LITE. Mr Fenton continued to use PRO-LITE with Concept Cycling's "knowledge and blessing".

2000 onwards - summary

56. Mr Fenton's new business focussed on high-end components for racing bikes. Exhibit SF4 consists of an extract from bikebiz.com dated 11 August 2000 which refers to Mr Fenton leaving Concept Cycling (there is, though, no mention of PRO-LITE).

57. He states that between 2000 and 2003 he continued to grow the business, trading under the name ECDA. He worked between Taiwan and the UK. He relied on third party manufactures to produce products including Wei Hue Accessories Co Ltd amongst others. He recalls exhibiting at trade shows in Birmingham as well as shows in Taipei and the US. By 2002 he wanted to open an office in Taiwan to handle the work with the contractors. An office was opened in Taichung with two staff in June 2002. At this time he enlisted the help of David Hinde (the other joint proprietor). The aim was that Mr Fenton would look after the manufacturing side of things in Taiwan and that Mr Hinde would remain in the UK to manage sales (for the UK and Europe). He states that he worked with Mr Hinde in this way for a short period but ultimately he (Mr Hinde) did not invest and they went their separate ways.

58. Mr Fenton has limited records relating to the business prior to 2003 because the Taiwanese government only require records be kept for five years. However, to corroborate his story he provides:

SF5 – this consists of some old photographs of bicycle parts branded PRO-LITE which would, he says, have been part of the product range between 2001 and 2005. The photographs were retained in an old computer file marked "old products".

SF6 – This is an example of an electronic invoice from 2003. It shows the products (including PRO-LITE) to be shipped to Mr Hinde from Wei Hue.

SF7 – This is a Community Design Registration showing a stylised version of PRO-LITE. This was apparently lodged by Mr Hinde by mistake (it should have been a Community Trade Mark). The owner is shown as Pat Murphy who worked for Mr Fenton and Mr Hinde at that time.

59. In 2003 the business moved to other premises in Taiwan closer to where the products were manufactured. A company (Pro-Lite International Ltd) was also set up in Taiwan so that the manufacturing could be handled by themselves and a domain name set up for PRO-LITE.NET (SF8 shows that this registration was on 13 August 2003).

60. Mr Fenton states that since 2003 the business has gone from strength to strength employing 60 staff and having a 5000 square metre warehouse. He states that they are the biggest hand built wheel factory in the world producing 70,000 pairs of wheels in 2008. They also have a frame building factory producing 15000 hand built frames per year, they also have a carbon factory (for products such as frames and wheels), a painting factory, and a joint venture in a tubing company.

61. Mr Fenton states that the goods are distributed all over the world and it has a portfolio of PRO-LITE trade marks. It has 85 dealers in the UK including *Chain Reaction* who he understands to be the biggest mail order company for cycle parts in Western Europe. Sales are now in the region of £2.5 million per annum.

62. He states that his goods are high end equipment for road bikes which, he says, is very different from the BMX market. The “to whom it may concern” letters in SF9 (see paragraph 54) are also relevant here. In addition to their previous comments, the letter writers go on to say that they continue to sell PRO-LITE products and that Mr Fenton has grown the PRO-LITE brand to be a major one seen at trade shows which they attend and that they have never seen another PRO-LITE product sold or promoted in the UK.

Failure to attend for cross-examination

63. I highlight at this point that Mr Gray asked to cross-examine both Mr Fenton and Mr Whitaker in relation to their written evidence. The registrar ordered both to attend. Neither did so. Mr Fenton was apparently attending a trade show. Mr Whitaker gave no reason for non-attendance. This is a serious matter. Mr Gray clearly wished to test the evidence but has been unable to do so. Failure to attend for cross-examination is not a matter dealt with by the Trade Marks Rules. I note, though, that the procedure before the Court is as follows:

“Order for cross-examination

32.7

(1) Where, at a hearing other than the trial, evidence is given in writing, any party may apply to the court for permission to cross-examine the person giving the evidence.

(2) If the court gives permission under paragraph (1) but the person in question does not attend as required by the order, his evidence may not be used unless the court gives permission.”

64. The Civil Procedure Rules are not, of course, binding on me⁶. They do, however provide guidance and, as can be seen, failure to attend results in the written evidence not being used unless permission is given by the Court. I also note in this case that although some supporting material has been filed by Mr Fenton and Mr Whiticker, key records of both Research Dynamics and the post 2000 business were not available due, respectively, to a flood and to there being no requirement in Taiwanese law for records to be kept beyond 5 years. Therefore, whilst I will not exclude the evidence of Mr Fenton and Mr Whiticker altogether, it is right to treat it with a good degree of caution, particularly in relation to the parts of it which Mr Gray wished to test. Effectively, I will treat this evidence as hearsay evidence and the applicable guidelines I set out earlier from the Civil Evidence Act apply. This does not mean that the evidence should be ignored and given no weight at all, but its weight is lessened from what otherwise would have been accorded, in general, given that whilst there is no evidence of an attempt to prevent the proper evaluation of the evidence, that is, none the less, the effect. Furthermore, it would not have been impractical (despite Mr Fenton being resident in Taiwan) for the witnesses to have attended the hearing as ordered, and, furthermore some of the matters this evidence relates to were from a time long since passed (they are not contemporaneous with the statements). I will, though, go through the evidence in detail and decide what I can take from it.

1990-2000 – analysis and findings

65. Mr Fenton is, effectively, claiming that he has a concurrent or senior goodwill. The making of such a claim requires him to be the owner of such goodwill. However, it can clearly be seen that if there is any goodwill (I will come back to whether goodwill is proven to exist) during this period then it would have resided in the business itself rather than Mr Fenton personally. It matters not that Mr Fenton was a key player in the business. The business was initially that of Research Dynamics. Research Dynamics could, of course, have simply been Mr Fenton’s personal trading style and so any goodwill will (initially at least) have resided in him. However, Mr Fenton provides evidence (SFA1) to show that Research Dynamics was a legal entity itself.

66. In any event, Research Dynamics sold its COYOTE brand (Pro-Lite is said to be part, a sub-brand, of this) and business to Concept Cycling. Concept Cycling must, therefore, be the owner of any goodwill from that point on. Mr Fenton says that Concept Cycling continued to use COYOTE and the Pro-Lite sign between 1997 and 2000. Again, whilst Mr Fenton may have worked for Concept Cycling during this time, this does not affect the ownership of any goodwill. Mr Fenton left Concept Cycling in 2000. From this point on Concept Cycling no longer used Pro-Lite. Mr Fenton’s new business, which was to be conducted under Pro-lite as a primary

⁶ *St Trudo Trade Mark* [1995] F.S.R. 345, *Rhone-Poulenc Rorer International Holdings Inc v Yeda Research and Development Co Ltd* [2006] R.P.C. 24 and [2007] R.P.C. 9.

brand, was, apparently, with Concept Cycling's "knowledge and blessing". At the hearing, Mr Ward argued that what Mr Fenton had done was to carve out the Pro-Lite goodwill from the Coyote business owned by Concept Cycling and to continue with the Pro-Lite brand with which its goodwill would, no doubt, be very important. He argued that the agreement between Mr Fenton and Concept Cycling may have specifically covered this or, if it did not, then the assignment of goodwill would have been an implied term. In dealing with this matter, it is important to consider exactly what Mr Fenton states. He states at paragraph 11 of his first witness statement:

"In 2000 my contract with Concept Cycling came to an end and I chose not to renew it. They continued to sell mainly mountain bikes under the COYOTE brand and I started a new business which focussed on high-end components for road bikes. At the time it seemed logical for me to continue to use the PRO-LITE brand for this purpose which I did with Concept Cycling's knowledge and blessing....."

67. Mr Fenton states that he started a new business. Although he states that he continued to use the PRO-LITE brand, there is no reason to assume that this means any carving out of Concept Cycling's existing business. There is no mention of any agreement. All that is referred to is "knowledge and blessing". This could have amounted to nothing more than Mr Fenton saying to Concept Cycling that he was to start a new business upon leaving Concept Cycling and that the main brand was going to be called Pro-Lite – the fact that they gave a "blessing" could reflect nothing more than that they were going to continue with COYOTE only and, so, were not concerned with Mr Fenton's plans. It is a different matter altogether if Concept Cycling had sold all or part of its business (and accompanying goodwill) to Mr Fenton. I set out some case-law earlier regarding goodwill and the circumstances of abandonment. My finding is that as Concept Cycling ceased to use Pro-Lite from 2000 onwards, any goodwill created between 1990 and 2000 was abandoned. There is no evidence that it was assigned to Mr Fenton. **Mr Fenton cannot, therefore rely on the 1990-2000 use as his senior or concurrent goodwill.**

68. In the event that I am wrong on the above, I will go on to consider whether the evidence would have proven a senior or concurrent goodwill. Mr Fenton states that the sign PRO-LITE was used as part of the COYOTE brand in relation to component parts. Due to the loss of Research Dynamics records in a flood, there are no sales figures or any other documentary evidence to show what actual custom was generated. Mr Fenton does state, however, that:

"Between 1991 and 1997 we sold frames under the COOYOTE ULTRALITE brand and bike parts under the COYOTE PRO-LITE brand with considerable success. In fact we became the second biggest customer in Europe of the famous "Easton" tubing which is only offered to prestigious established brands. The main markets we sold into at the time were the UK and US, although by 1997 we were selling products worldwide"

69. Mr Fenton says that he sold the brand with considerable success, but there is nothing to support this and, furthermore, he did not make himself available to be cross-examined. Mr Gray wished to cross-examine him on his lack of proof. Further evidence, though, comes in the form of the "to whom it may concern letter" from the

shipping company Jamers which, Mr Fenton says, placed orders for him and shipped them on. Jamars confirms that it did this between 1992 and 2000. However, this does not allow me to make any real judgment as no information is provided as to the extent of overall exports, nor how many exported goods were sold. The invoices between Jamers and the various manufacturing companies suffer the same deficiency, no information is provided at all about the level of UK custom. Whilst I appreciate that some records have been destroyed in a flood, it is difficult to reconcile what Mr Fenton describes as considerable success against such a lack of documentary evidence. Also, the “to whom it may concern” letter is, effectively, multiple hearsay given that I have found Mr Fenton’s evidence to, effectively, be hearsay evidence itself.

70. There is evidence, though, from Mr Whitticker and Mr Fenton regarding the placing of advertisements. In his second witness statement Mr Fenton explains that:

“I do not remember in precisely what publication the advertisement was placed. However, I recall that we were advertising at this time in a range of publications including MB UK and MB”

71. An example of a placed advertisement is provided (by Mr Whiticker) but Mr Fenton’s statement is vague as to when and where it was placed. This is important because Mr Gray challenges on this issue. His challenge can be seen in a number of documents. There are exchanges of e-mail between a representative of Cycle Sports and Future Publishing, who, according to an attached sheet, are the publishers of Mountain Biking UK. The question asked is whether Research Dynamics, Pro-Lite or Coyote bikes ever placed print advertisements in MBUK or any other associated magazines. The response is that “I have no records of any of these companies ever advertising within Futures magazines or websites”. A similar question was put to IPC Media who were responsible for Mountain Biker International. Responses from different people at IPC are provided. Although official archive records appear to have been destroyed, they did manage to find two advertisements relating to COYOTE ULTRALITE frames. No advertisements featuring Coyote Pro-Lite were found.

72. Also provided is an e-mail from the British Library. The request to the British Library was to look for an advertisement believed to have been placed in Mountain Biker International in either January, April or June [the email does not mention the year but the response refers to 1995] under the company names Research Dynamics, Pro-Lite or Coyote Bikes. An employee searched every issue of the magazine (from 1995) and found no advertisements for the bike models mentioned. The nearest found were advertisements for bike shops stocking Coyote bikes along with other brands, but nothing for Coyote Bikes themselves.

73. The advertisement is also challenged on the basis that it contains a picture of a six bolt hub which, Mr Gray states, were not available until much more recently. To support his view he e-mailed *hopetech.com*, a manufacturer of hubs, and asked:

“Hi. I am hoping you could help me. I am currently doing a project about the advances in wheel technology over the years in MTB. I need to know if possible when disc brakes hubs were first introduced and about the bolt

system, when were 6 bolt hubs first made? Any information you could give would be greatly appreciated and will help me a lot....”

74. The response reads:

“Hi, we started to make our disc compatible hub in 1989 and the six bolt pattern started around 5-6 years ago. Hope that is ok for you??!!!”

75. In response to all this Mr Fenton states:

“... I have sourced hubs like the hubs pictured in the advertisement from a range of suppliers for many years. The hubs shown in the advertisement were of a type sold by Research Dynamics. Whilst I do not remember precisely who manufactures the hubs...”

76. Mr Gray believes the advertisement to be a fabrication and that no such advertisement was placed. Whilst I would not go so far as to say that, he has made a clear challenge to Mr Fenton’s and Mr Whitticker’s evidence which has not been met through the filing of corroborative counter-evidence or by attending the hearing for cross-examination. Mr Gray has tried to obtain the advertisement from the companies with whom it was said to have been placed but was unable to do so. He also made enquiries with the British Library. Whilst his attempts to obtain the advertisement can be criticised (Mr Ward did so at the hearing) because Mr Fenton did not actually identify the magazines in which the actual advertisement was placed or when, and that the questions he put to the magazine publishers merely asked what records were kept, it seems to me that Mr Gray has done what he could on the basis of the available information. Mr Fenton has made no effort himself to locate the advertisement (or at least none which has been set out in evidence). In relation to the hub, whilst I do not place any significant weight on the response from *hopetech*, the challenge was raised, a challenge which is not implausible on the face of it, a challenge which Mr Gray wished to take forward in cross-examination. I was unimpressed that neither Mr Whitticker nor Mr Fenton attended the hearing for cross-examination. They must accept the consequences of such inaction. My view is that no weight should be placed on the supplied advertisement. There may have been other advertising for COYOTE PRO-LITE but none has been proven.

77. There is also the pro-forma statements from people in the trade (7 are provided). The relevant text in these “to whom it may concern” letters reads:

“I have known Stephen Fenton since he first started Coyote bikes in the North of England back in 1990. We purchased and sold Ultralite frames and PRO-LITE components. We used to sell Coyote bikes, which were Coyote frames, fitted with PRO-LITE components.

I can confirm that aftermarket products sold used PRO-LITE parts and would have been in PRO-LITE branded packaging. We continue to be a customer for PRO-LITE selling PRO-LITE products to our customers. Stephen Fenton has grown his PRO-LITE brand to be a major brand in the aftermarket business and we see it at every trade show we attend in the UK or in Europe.”

78. In response to this Mr Gray wrote to four of the letter filers stating:

“... We have done extensive research going back to 1993 and cannot find any evidence in the specification sheets of a single Coyote cycle ever being fitted with any Pro-lite parts.

Taking the above into account we cannot understand how you could have sold Coyote cycles with Pro-Lite parts fitted. Is it possible that you confused the name Pro-lite with the Ultralite name that we believe Mr Fenton used”

79. One response was received from Dave Mellor (of *Dave Mellor Cycles*). He states:

“Whilst I believe that we sold the Coyote brand with ProLite componentry I cannot find any old catalogues/brochures or invoices to back this up.

It is quite a long time ago and as I now sell ProLite branded product supplied by Steve Fenton’s company I have assumed that he always sold ProLite.

I therefore cannot disagree with your argument that the components could possibly have been branded UltraLite”

80. The substantive text of each letter is the same (there are only minor differences). The words used are not, therefore, the writer’s own. In *Re Christiansen’s Trade Mark* [1886] 3 R.P.C. 54 it was stated:

“Now, to my mind, when you have evidence given upon affidavit, and you find a dozen people, or twenty people, all swearing to exactly the same stereotyped affidavit, if I am called to act upon their evidence, it immediately makes me suspect that the affidavits are then not their own views of things and that they have adopted the view of somebody who has drawn the whole lot of affidavits, and they adopt that view as a whole and say ‘I think that affidavit right’ and they put their names to the bottom.”

81. This is clearly something to bear in mind when deciding what weight to give this evidence, as is the fact that the letters are multiple hearsay given that I have found Mr Fenton’s evidence to be, effectively, hearsay evidence itself. I set out in paragraph 7 guidance on how to assess this type of evidence. This also highlights that whether the letter writer has given his own views (as opposed to affirming the views of another person) is an important factor. It is not quite collaboration but is similar to it. In relation to the other factors, whilst the explanation for the filing of pro-forma letters was put down to lack of time, I see no reason why they could not have filed their comments (and their own comments) in evidential form. That being said, I do not sense that this was due to improper motive or concealment, nor is there evidence to suggest that the letters were filed to prevent proper evaluation. Mr Gray did, though, ask for some of the letter writers to be cross-examined, a request that could not be permitted given that they had not filed evidence themselves. This reinforces the problem as if they had filed evidence and if they had been cross-examined on it, they could have expressed their views and recollections themselves and this would have been significantly more useful for this tribunal in coming to a

view on these matters. Finally, to the extent that the letter writers are commenting on the use of Coyote ProLite, they are clearly having regard to matters from some time ago – the timing of their statement is not contemporaneous with these matters.

82. The factors as assessed do not paint a compelling picture for the placing of any real weight on this evidence, particularly in relation to the earlier claimed use of the sign between 1990 and 2000. Mr Ward argued that some weight should be placed on this evidence arguing that well respected businessmen would not sign up to such statements if they did not believe them to be true. I understand the argument, but the response from Mr Mellor demonstrates why so little weight should be placed on them. Whilst he believes that Pro-Lite components were sold (Mr Ward highlighted his “belief”) he highlights himself that the matters were a long time ago and that his belief was based on an assumption that Mr Fenton had always sold Pro-lite. He goes on to say that he cannot disagree with Mr Gray’s alternative proposition. Whilst Mr Ward argued that Mr Mellor’s subsequent letter did not undermine the evidence it does, at the very least, cast doubt. In view of all this, I place no weight on this pro forma hearsay evidence.

83. Taking into account my overall analysis, I do not consider that the evidence filed proves that the use between 1990-2000 would have established a goodwill which can properly found a concurrent or senior goodwill in comparison to that of Mr Gray. There is simply so little evidence available for me to be able to make a proper evaluation of the business, what it consisted of (in respect of the ProLite sign) and its sales and custom.

2000 onwards - analysis and findings

84. Mr Fenton’s use from this point on is said to be in relation to high end components for road bikes. He talks about growing the business, but, again, there is a distinct lack of sales or production information, at least until 2003. There is no evidence of promotion or advertising. There are photographs from a computer file of “old products” said to have been produced between 2000 and 2005. Mr Gray took me through many of these photographs highlighting that they were not dated and that they were not old (he referred to one, a headset, which could not have been around for more than 10 years). In relation to being old, it must, though, be observed that Mr Fenton does not claim that these are from 1990-2000 but between 2000 and 2005 so Mr Gray’s comments on age do not assist. Whilst the evidence does at least demonstrate that certain component parts were manufactured it does not, however, demonstrate where they were sold and the quantum of custom involved. The date range is not particularly informative either given that the material date falls midway in this range. Similarly, the fact that an office was set up in June 2002 and that this is the time at which Mr Fenton’s business relationship (albeit a brief one) with Mr Hinde commenced tells me little.

85. In relation to the document that is headed PROFORMA invoice, this is dated 17 September 2003. It is between Mr Hinde and Wei Hue. The relevant goods are to be shipped to Mr Hinde in Manchester. Mr Gray highlighted that the invoice does not involve Mr Fenton. Furthermore, whilst he accepted that some of the individual entries related to PRO-LITE parts, he felt that the words PRO-LITE LOGO & PACKAGE that appear towards the top of the invoice may have been added. I see

no reason (in line with Mr Ward's argument) why the legitimacy of this invoice should be challenged. In relation to the fact that Mr Fenton is not listed on the invoice, the business context (that Mr Hinde was the UK end of things and that Wei Hue was a shipping agent) explains this.

86. From 2003 the business is said to have expanded. Mr Fenton is finally able to provide some information concerning manufacturing amounts and turnover, he also states that he has 85 UK dealers for his goods. The problem with this, though, is that no timing is attached to any of this. Mr Fenton seems to be speaking of the here and now (his evidence was given in 2008 & 2009). The evidence from the "to whom it may concern" letters does little to assist on timing as they refer to continuing "to date" being a customer (the letters are all from January 2009). In view of all this, the scale of sales under the new business is not clear at the various points in time.

87. Based on the above, whilst I am prepared to accept that Mr Fenton's new business commenced in 2000, the time at which first sales/marketing exposure were made is not at all clear. The first evidence of imports dates from September 2003 and it is reasonable to assume, given that Mr Hinde was taking care of UK and European sales, that some form of sales will have resulted from this. The degree is not though clear. Since 2003 the business has grown and by the time Mr Fenton gave his evidence in 2008 it is reasonably clear (although better evidence could have been filed in support) that this was a business of reasonable size. At the material date of 20 March 2004, whilst the sign may have been put to use, the evidence does not prove that Mr Fenton would have established a concurrent goodwill. In any event, even if some period of concurrent goodwill had been proven, I doubt that this would have been long enough to make it inequitable for Mr Gray not to seek relief⁷.

88. Key findings from the evidence

Mr Gray has established a goodwill at the material date of 20 March 2004.

Mr Gray's goodwill stems from his first independent (of Freewheeler) use in 1995.

The evidence of use by Research Dynamics and Concept Cycling does not prove any form of goodwill between 1990 and 2000.

Mr Fenton cannot, in any event, rely on any goodwill if I am wrong on the above.

Mr Fenton's post 2000 use only establishes a first use in September 2003 but it is not proven that by the material date he would have had a concurrent goodwill.

Mr Gray is the senior use.

⁷ In *Daimlerchrysler AG v Javid Alavi (T/A Merc)* Mr Justice Pumfrey held that such a period would, logically, be six years from the date of (in this case Mr Fenton's) first trade.

Mr Fenton's pre-application use cannot assist in demonstrating a concurrent goodwill.

Misrepresentation

89. Having established that Mr Gray had a protectable goodwill at the material date (and at the date of Mr Fenton's first use), I must decide whether the use of the mark would lead to a misrepresentation. Lord Oliver described misrepresentation thus⁸:

"Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff"

90. The question is whether a substantial⁹ number of persons who are aware of Mr Gray's goodwill will be deceived into believing that the goods offered under the joint proprietors' trade mark are, in fact, the goods of Mr Gray. I have already dismissed the relevance of Mr Fenton's prior use. The further arguments put forward by Mr Ward as to why misrepresentation was unlikely centred on the nature of the sign itself and, furthermore, that different markets exist between BMX bikes/components (Mr Gray's market) and road bikes/components (Mr Fenton's market). In response to my observation that the joint proprietors' specification made no distinction between different types of bicycles/components, Mr Ward highlighted that, as a fall-back position, a specification of racing and road bikes would be acceptable.

91. In relation to the mark itself, Mr Ward referred to the judgment in *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* (1946) 63 R.P.C. 39. In this case, the differences between "Office Cleaning Services Limited" and "Office Cleaning Association," even though the former was well-known, was held to be enough to avoid passing-off. Lord Simmonds stated:

"Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered."

92. I note the above judgment, however, the key difference in the case before me is that the registered mark PRO-Lite is virtually identical to the sign in which goodwill exists. The judgment refers to smaller differences being sufficient to avert confusion, but there is no real difference at all in the case before me. Even though a customer may attribute some form of suggestive meaning to the sign, where there is nothing else to distinguish between the competing signs then there is, in my view, little else that could happen other than deception. This is certainly the case to the extent that

⁸ In *Reckitt & Colman Products Ltd v Borden Inc.*

⁹ See the findings of the Court of Appeal in *Neutrogena Corporation and Ant. V. Golden Limited and Anr.* [1996] R.P.C. 473

the registered mark is used on identical goods. In other words, if the registered mark were used on BMX bicycles and components thereof, misrepresentation will be inevitable.

93. I must, though, consider the position in relation to the fall-back specification of road and racing bikes. I will also consider the question in relation to component parts for the same. It is not just the different market to consider, but also Mr Ward's argument concerning the suggestive quality of the sign in question. The combined effect could result in someone who knows of Mr Gray's Pro-Lite BMX product business simply assuming that someone selling PRO-Lite road bikes and components is, actually, a separate business merely making co-incidental use of a suggestive sign. Whilst I see the argument, it strikes me that the outcome hypothesised is not likely. Even though there may be a slightly different market involved, and, although there may be some manufactures who wish to stick with their specialism, there are also likely to be those that produce all sorts of bikes and components. Taking this into account, the virtual identity of the signs will lead those who are aware of Mr Gray's business (or at least a substantial number of them) into believing that the sign PRO-Lite on road or racing bikes (and components) is part of the business they already know. I remind myself of the line of questioning that Mr Ward put to Mr Gray concerning whether there had been confusion with other traders' use of PRO-LITE. Mr Gray said there had not been despite him being aware of a HARO PRO-LITE product. This does not alter my view. I have no idea as to the prevalence of the HARO PRO-LITE in the market. I have no idea whether the circumstances of the respective trades could have created any confusion. Also, I imagine that the inclusion of the word HARO would help to distinguish. **My finding is that misrepresentation will occur.**

Damage

94. The misrepresentation must lead to some form of damage to Mr Gray's business. The most obvious form of damage in a passing-off case would be a direct loss of sales. In relation to identical goods then there is a clear likelihood of this. In relation to other goods (for example road/racing bikes and components), I am mindful of the comments in *Ewing v Buttercup Margarine Co Ltd*, 34 RPC 232 where it was stated:

"To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of goods I sell; the kind of business I do; the credit or otherwise which I might enjoy – all those things may immensely injure the other man who is assumed wrongly to be associated with me"

95. With the above borne mind there is clear potential for damage. Mr Gray referred to the fact that if his customers believed that he was now selling road bikes/components then this would damage his reputation as a specialist BMX producer. He would move from being a specialist to being a generalist. This highlights the problem and highlights the type of damage possible. Also, if the quality of Mr Fenton's products is criticised this would, inevitably, rub off on Mr Gray's business.

Summary

96. Taking all of the above into account, my finding is that Mr Gray was, at the material date, in a position to prevent the use of the subject trade mark under the law of passing-off. His application for invalidation succeeds.

97. I highlight that some parts of evidence have not been referred to significantly in my findings such as a) the evidence relating to Ms Chu of Magic Winner and whether Mr Fenton knew of Mr Gray and his use, b) the evidence relating to the faulty crank, c) the evidence relating to Mr Gray's use of other brand names and his interview with the relevant trading standards authority, and d) the evidence of Research Dynamics overseas use which does not relate to PRO-LITE. In relation to a), it is not clear from the evidence who is right or wrong and, in any event, I do not see how this can significantly change the outcome. In relation to b), I simply do not see the relevance of this to the case before me. In relation to c), no action has been taken against Mr Gray so any claim that he customarily plays loose with the trade marks of other businesses is not proven and, in any event, he has established a goodwill of his own. In relation to d) it is not relevant what goodwill Research Dynamics had in the US and it is not a reasonable inference that because they did not use PRO-LITE overseas then they would not have used it here.

Costs

98. Mr Gray has been successful and is entitled to a contribution towards his costs. I hereby order Mr Fenton¹⁰ to pay Mr Gray the sum of £1100. This sum is calculated as follows:

- a) Preparing a statement and considering the other side's statement
£200
- b) Filing evidence and considering the other side's evidence
£450
- c) Attending the hearing
£250
- d) Expenses (fee for filing the application for invalidation)
£200

99. When calculating the above costs I have taken into account the fact that Mr Gray did not have legal representation in these proceedings. I have reduced by 50% (in relation to items a, b & c) from what I would have awarded had Mr Gray been represented and incurred the costs that would have been expended with such representation. This reflects the desire to not award more costs than would have been expended¹¹. Furthermore, I have not awarded any travel expenses to Mr Gray

¹⁰ I make no order against Mr Hinde as he has played no part in these proceedings.

¹¹ See the decisions of Mr Simon Thorley QC in *Adrenalin* (BL O/040/02) and Mr Richard Arnold QC in *South Beck* (BL O/160/08).

for his attendance to be cross-examined given that he attended the hearing in any event to make oral submissions.

100. The above sum should be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24 day of March 2010

**Oliver Morris
For the Registrar
The Comptroller-General**