

O-426-10

In the matter of UK Trade Mark No. 2326092 in the name of
EGL GEM LAB LIMITED (“the Proprietor”)

and

An application for a declaration of invalidity under No. 82965 by
GUILLAUME MARGEL (“the Applicant”)

In the matter of an Appeal to the Appointed Person by the
Applicant against the Decision of the Hearing Officer on behalf of
the Comptroller General dated 10 February 2010

DECISION

Introduction

1. EGL Gem Lab Limited (“the Proprietor”) is the registered proprietor of UK trade mark registration No. 2326092 (“the Trade Mark”), in class 42 for various services including the grading of precious stones and issuing certificates relating to such grading. A representation of the Trade Mark

appears below.



EUROPEAN GEMOLOGICAL LABORATORY

2. An application to have the Trade Mark declared invalid was made by Mr Guillaume Margel, a Belgian citizen. His application was rejected by the Hearing Officer Mr David Landau by a written decision given on 10 February 2010. Mr Margel appeals this decision to me.
3. The application was made on two separate bases:
 - (a) under s47(2)(b) of the Trade Marks Act 1994 relying on the grounds for refusal set out in s5(4)(a) namely that the use of the Trade Mark by the Proprietor in the United Kingdom could be prevented under the law of passing off;
 - (b) under s47(1) of the same Act relying on the grounds for refusal set out in s3(6) namely that the application for the Trade Mark was made in bad faith.
4. The Hearing Officer dismissed the application. His decision on bad faith decision is not appealed, and I shall therefore say no more about it. The appeal

before me concerns the s5(4)(a) ground only.

The Trade Mark

5. The Trade Mark, as can be seen, comprises two elements. The first is a device comprising the words “European Gemological Laboratory E.G.L.” in a circle around a picture of what appears to be a diamond and some kind of scientific apparatus, no doubt used for grading gemstones. Between the circle and the picture there is a ring of 16 stars. The second element is the name “European Gemological Laboratory”. I shall refer to the two elements compendiously as “the EGL marks”.

History

6. Mr Margel conceived a business known as the “European Gemological Laboratory” or “EGL” in or about 1974 in Antwerp. Mr Margel is an expert in the gemstone grading business. The idea behind EGL was to issue certificates which graded diamonds and other gemstones. These certificates would have international recognition. Having started issuing these certificates from his business in Antwerp, Mr Margel subsequently expanded the business through laboratories in New York, Los Angeles, Israel, France and South Africa. As well as the use of the name European Gemological Laboratory, Mr Margel’s

evidence is that he also used the logo shown in the Trade Mark from around 1974.

7. The Proprietor's involvement in this business seems to have begun in around 1986 when Mr Margel decided to sell the US arm of his EGL business. It was purchased by the Proprietor, then called NK Gemological Services Inc, by a written agreement dated 1 January 1986. It is common ground that this agreement concerned the US trade mark rights only. It assigned a number of US trade mark registrations which included the name E.G.L. and the name European Gemological Laboratory. A further agreement of the same date authorized the Proprietor (for a fee charged per certificate) to refer to the various locations in which Mr Margel conducted business, and to issue certificates supplied by Mr Margel, although it made clear that there was no affiliation between the parties.

8. In or about 1987-8 Mr Margel, by an agreement made on a "handshake", authorized a London diamond expert called Roy Huddleston to issue certificates under the various EGL trade marks in the United Kingdom. The arrangement between them seems to have been very informal in nature. No payments were made by Mr Huddleston for the right to use the trade marks. Mr Margel apparently gave some financial support for marketing in the early days, but the level and nature of this support was unclear on the evidence. He

also supplied blank EGL certificates to Mr Huddleston for a number of years before Mr Huddleston started to print them himself. Despite the lack of any financial consideration passing between the parties, it is reasonably clear that both parties gained significant benefits from the deal. Mr Huddleston, who had previously been offering a grading service under his own name, gained some prestige from the international reputation attached to the EGL marks, and certificates issued under the aegis of EGL were more valuable.

Furthermore, Mr Huddleston could expect to gain some custom from those who were familiar with the EGL affiliated laboratories abroad. Mr Margel was able to add the UK to his list of affiliated laboratories, and no doubt gained reflected prestige from his association with another highly skilled and reputable gemstone expert.

9. Mr Huddleston has continued to use the EGL marks in relation to the issuing of grading certificates for gemstones ever since. I will discuss the manner in which EGL marks were used by Mr Huddleston later in this decision.

Applications for trade mark protection

10. Prior to 10 March 2003 there appears to have been no registered trade mark protection for any of the marks used in connection with Mr Margel's business in Europe.

11. On 10 March 2003 the Proprietor applied for and subsequently obtained the Trade Mark. Mr Margel responded by applying for his own CTM for the EGL marks on 12 September 2003. The application was granted under number 3349123 on 26 September 2005.

This application

12. On 3 August 2007 Mr Margel applied for a declaration that the Trade Mark was invalid on the grounds that it was applied for in bad faith (s3(6) of the 1994 Act) and that he was entitled to prevent its use on the grounds of passing off (s5(4)(a) of the 1994 Act). Evidence was given by Mr Huddleston, Mr Margel and the director of the Proprietor, Mr Nachum Krasnianski. These witnesses were all subjected to cross-examination at an oral hearing.

Decision of the Hearing Officer

13. As I have already noted, the Hearing Officer rejected the application under both grounds. As I have mentioned, his rejection of the bad faith attack is not appealed, so the case concerns only his decision under s5(4)(a).

14. The Hearing Officer held that despite the relatively low level of trade by Mr Huddleston in the UK in the issue of EGL certificates, there was a UK

goodwill in the names “European Gemological Laboratory” and “EGL” and in the logo at the date of application. This finding is not appealed.

15. The Proprietor did not argue that it was entitled to any share in the UK goodwill. The Proprietor also accepted (as it had to) that the Trade Mark was sufficiently similar to the names and logo used by Mr Huddleston in the UK as to be likely to cause confusion.

16. The argument upon which the Proprietor succeeded before the Hearing Officer was that the goodwill in the UK was not owned by Mr Margel, but rather by Mr Huddleston or the company through which he trades.

17. It is worth pointing out that this argument did not in fact present a legal barrier to Mr Margel’s case. Mr Huddleston had never consented to the registration of the Trade Mark (indeed he was clearly and actively supporting Mr Margel’s application to have it revoked). The provisions of the Trade Marks (Relative Grounds) Order 2007 (requiring relative grounds applications of this kind to be brought by the proprietor of the earlier right) do not apply to the Trade Mark in this case. Mr Margel was therefore just as entitled to have the mark revoked on the basis that Mr Huddleston owned the goodwill as he was on the basis that he personally owned the goodwill.

18. The only reason the Hearing Officer found that ownership of goodwill by Mr Huddlestone or his company was fatal to the application was that the Statement of Reasons simply pleaded ownership of goodwill by Mr Margel. It did not plead ownership on the part of Mr Huddlestone, even in the alternative.

19. It is fair to say that the outcome of the decision below is somewhat bizarre.

On the findings of the Hearing Officer (no longer disputed), any use of the EGL marks by the Proprietor in the UK would be likely to cause confusion and would be liable to be prevented by Mr Huddlestone or his company under the law of passing off. Yet a Trade Mark comprising the EGL marks has been allowed to remain on the Register in the name of the Proprietor simply because Mr Margel's Statement of Grounds alleged ownership by Mr Margel only. Since it did not matter for the purposes of the application which of them owned the goodwill, this was a decision founded on what was at best a technicality. The technicality could clearly have been cured by amendment to add "further or in the alternative" an allegation of ownership by Mr Huddlestone or joint ownership. Mr Malinicz could hardly have opposed an application to amend since he was making a positive averment to the same effect. However, no such application to amend was made.

20. I would go further and say that it is difficult to understand how the Hearing

Officer's finding on ownership of goodwill justified refusing the application at all. If it made no legal difference which of Mr Margel or Mr Huddleston owned the goodwill, the allegation in the pleading that the goodwill belonged to Mr Margel was not material to the cause of action. Having found that there was an actionable goodwill in the United Kingdom, the Hearing Officer did not even need to consider precisely who owned it, and his determination of that issue could therefore not have been fatal to the claim. However, this argument has not been raised on this appeal and I will therefore say no more about it.

21. In the absence of an application to amend and in the absence of an argument on the point I have made in paragraph 20 above, the only question before me is whether the Hearing Officer's finding as to ownership of goodwill as between Mr Huddleston (or his company) and Mr Margel was correct.

The law

22. There are a large number of reported cases which raise the question of rival claims to ownership of goodwill in the United Kingdom as between foreign and local entities. Typical factual scenarios include (i) foreign manufacturer and local distributor of branded goods; (ii) foreign licensor and local licensee of a trade mark for products or services; (iii) foreign parent company and local

subsidiary where the local subsidiary has been sold off.

23. The most recent discussion of the topic in the higher courts is that of the Court of Appeal in Scandecor Development Limited v Scandecor Marketing AB [1999] FSR 26. This was a dispute between a former UK subsidiary and its Swedish ex-parent. The subsidiary had been exclusively responsible for dealing with customers in the UK, but it had on occasion held itself out to the public as part of the international group controlled by the parent. On the facts of that case, the Court of Appeal held that the goodwill belonged to the subsidiary. However, the decision turned very much on fact rather than law. The Court did not lay down a definitive legal test which could be applied to the facts of any given case. Indeed, so far as one can tell, they took the view that conceiving such a test was neither possible nor desirable. Having been read a large number of different authorities on different sets of facts, the Court said as follows:

“The legal response is that this problem, if not solved by agreements, is ultimately soluble only by a factual inquiry with all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome. There are no quick, cheap or easy answers to be found in hard and fast legal rules...The cases cited by Mr Wyand QC for SDAB and by Mr Young QC for S Ltd amply

demonstrated the primacy of the particular facts of each case over legal precedent in this area of the law.”

24. For the Appellant, Mr Norris placed a great deal of emphasis on the reference in this passage to “*if not solved by agreements*”. He contended that any agreement licensing the use of a mark in the United Kingdom automatically vested the goodwill in the licensor. He said that there was such a licence in the present case, so the question of ownership of goodwill was therefore automatically solved in Mr Margel’s favour. It seems to me that this argument is too simplistic for a number of reasons:

- (a) A licence agreement requires the existence of a pre-existing legal right which the licensee requires the permission of the licensor to use. That raises difficulties in the present case where there was no registered trade mark in the United Kingdom at the date of the agreement, and little or no evidence of a pre-existing business having been carried out with United Kingdom customers so as to establish goodwill in the UK. Mr Norris said that what was being licensed was the goodwill in the brand in the United Kingdom which was established during the course of the agreement. But this argument assumes what it seeks to prove, namely that the goodwill created in this way vested in Mr Margel. If it vested in Mr Huddlestone, then no licence was necessary.

(b) Although the goodwill accruing from a business carried out under a licence would normally be held to belong to the licensor, this is not an automatic or invariable rule.

(c) The words “*solved by agreements*” in the judgment of the Court of Appeal were in my view intended to refer to the situation where there is an actual term in a contract between the two contending parties which deals with the question of ownership of goodwill. Mr Norris did not claim the existence of any such term (and the evidence did not support any such claim).

25. Nonetheless, the nature of the agreement between foreign and local entity is one of the matters which the Courts have often taken into account when considering the question of ownership of common law rights in a trade mark, regardless of whether it makes specific provision for the ownership of such rights. An example is the case of Manus v Fullwood & Bland 65 RPC 329.

26. A consideration of the agreement in this case and the benefits gained under it by each party is in my view an essential part of any analysis both of the nature of the business carried on by Mr Huddleston under the EGL marks in the United Kingdom and of the way in which the EGL marks were presented by him to the public. These in turn are crucial to the question of ownership of

goodwill in this case. As will become clear, I do not think the Hearing Officer took sufficient account of any of these matters.

The factual background

27. It will be recalled that by the time of the agreement between Mr Margel and Mr Huddleston in 1987-8, there were a number of EGL “affiliates” in different countries around the world. These included New York, Los Angeles, Israel, France and South Africa, as well as Mr Margel’s original EGL business in Antwerp. The intention of the agreement was that Mr Huddleston should become another such affiliate.

28. The whole point of Mr Margel’s EGL business was to create an internationally recognized certificate for gemstones. The appointment of an experienced and reputable expert in London as the latest EGL affiliate would therefore clearly be mutually beneficial to everyone involved. Mr Margel and his other affiliates could add “London” to their list of centres authorized to issue EGL certificates. Mr Huddleston could issue certificates as part of an international group of experts, as opposed to doing what he had previously done, namely to issue them in his own name or the name of his company.

29. So the international dimension was always fundamental to Mr Huddleston’s

use of the EGL marks in the United Kingdom. He was not simply issuing a certificate based on his own reputation and prestige as a single diamond expert. On the contrary, he was projecting himself as part of an international group whose certificates could be expected to command respect worldwide. This was the whole purpose of the deal with Mr Margel so far as he was concerned, as he made clear in his statement at paragraph 7 and in cross-examination at p19:

“Q But you are the person guaranteeing the quality of that service?”

A Of course, as would any lab.

Q They [the customers] do not know anything about any international entity.

A They do.

Q How do they know about that?

A People know about the EGL laboratories.

Q How?

A Just by the fact that they have been going for so many years and they are known the world over. Also stones come in from the other EGL laboratories into the country...”

Use of the EGL marks in the UK

30.It is clear on the evidence that the distinction between Mr Huddlestone’s

personal local business and the EGL business of which he was an affiliate was made clear to the public. Mr Huddleston traded through his own limited company called Huddleston Gemmological Consultants Limited. The invoices exhibited by Mr Huddleston for issuing EGL certificates are headed with the name and address of his limited company. The reference to EGL comes only in the description of the work being charged for, eg: *“To: supplying one E.G.L. diamond certificate – round brilliant cut – 1.10ct”*. Nowhere is there any evidence of Mr Huddleston using the name EGL to identify his own business.

31. The certificates themselves varied over the years. However, they consistently presented EGL as an international organization of which Mr Huddleston was the UK representative or agent. To take three examples:

(a) A Certificate issued on 17 July 1995 is headed “Diamond Report” with the EGL logo immediately below. It goes on to say *“Officially approved by the European Gemmological Laboratory™ Independent Educational Organisation. Institute for Certification of Diamonds and Precious Stones. This examination has been carried out using the current gemmological procedures of the E.G.L.”* The Report follows, and is then signed by Mr Huddleston *“On behalf of the European Gemmological Laboratory (London)”*. At the bottom is the name and address of Mr

Huddleston's company with the words "*UK Agent for the European Gemological Laboratory*".

(b) A certificate issued on 14 December 1999 is headed "*Diamond Certificate Report issued by E.G.L. European Gemological Laboratory*™ *Independent Educational Organisation Institute for certification of diamonds and precious stones*" The word "*LONDON*" is inserted into this text. The following words are used in the report "*This examination has been scientifically carried out by a Graduate Gemologist using the current procedures of E.G.L. and may be repeated at any time.*" After the signature of Mr Huddlestone we find the words "*E.G.L. European Gemological Laboratory*" followed by a stamp stating "*UK Agent for E.G.L. (European Gemmological Laboratory) Diamond and Gemstone Certification*". This reference to Mr Huddlestone acting as "agent" is to be found on a great many of the exhibited certificates.

(c) A large number of the certificates seem to have a cover or backsheet with the words "*Diamond Certificate issued by E.G.L. International European Gemological Laboratory* [the logo] *Antwerp, with affiliated Laboratories in London, Ramat Gan, Paris, New York, Seoul, Johannesburg*". The addresses and telephone numbers of the various affiliates are listed on many of these. The "London" office sometimes appears as "EGL Great Britain". What appears to be a sticker also appears at the top with the

name and address of Mr Huddleston's company

It seems to me that no customer receiving such certificates would suppose that Mr Huddleston was in personal charge of the international EGL business. Rather they would consider that when issuing the certificate he was acting as the London representative or agent of that business.

32. This is entirely consistent with Mr Huddleston's evidence. Throughout his witness statement he refers to his issue of certificates being "*on behalf of EGL*". He also refers to himself as "*EGL's representative in the UK*". It seems most unlikely that he would not have described his relationship with EGL in exactly the same way to his clients.

33. This evidence seems to me to be crucial to the question of who owns the goodwill. Every time Mr Huddleston issued a certificate he was both trading off and adding to the international identity of the brand.

34. Mr Huddleston summarized the position well in his evidence in cross-examination in a passage which was not quoted by the Hearing Officer:

"Q Let us say I am at 47 Covent Garden [next door to Mr Huddleston's premises] and I put out a certificate saying EGL, just

imagine that. Your customers would be a bit surprised by that, would they not?

A I think they would be amazed

Q Because they regard you as EGL, do they not?

A I see the point you are trying, that I am the important thing. It is the two things that work together, the international reputation of the name plus my reputation.”

Conclusion on ownership of goodwill

35. In all those circumstances it seems to me that the natural conclusion in accordance with legal principle and common sense is that the goodwill in this case belonged to Mr Margel as the proprietor of the international EGL business, not to his representative in the UK. I do not exclude the possibility that this might be a case of joint ownership of goodwill of the kind which was held to exist by the Court of Appeal in another “local branch” case – Habib Bank Ltd. V. Habib Bank A.G. Zurich [1982] RPC 1. However, Mr Malinicz conceded (as he had to) that Mr Margel’s case was satisfied by a finding of joint ownership of goodwill.

Hearing Officer’s decision on ownership and why it is wrong

36. The Hearing Officer reached the opposite conclusion. His reasoning is set out in paragraph 62 of his Decision, as follows:

*“The commercial reality in the marketplace is that Mr Margel has neither had a business in the United Kingdom nor has he ever exercised any control over any relevant business activities in the United Kingdom to which his goodwill could attach. Mr Huddleston has stated that customers come to him for his expertise and also because he issues EGL certificates. Mr Huddleston has not even, since the early days, purchased the blank certificates from Mr Margel. The service of the assessing of gemstones is associated solely with Mr Huddleston and HGC, it is Mr Huddleston and HGC that do the assessment. Mr Margel has no part in it whatsoever. There is not a common standard for the assessment of the gemstones. In his evidence Mr Margel refers to EGL’s issuance of EGL diamond certificates and ‘use of the EGL trade marks’. The evidence shows clearly that it is Mr Huddleston and HGC that issue the certificates and use the signs upon which Mr Margel relies. EGL (whatever that is – see paragraph below) has never issued a certificate in the United Kingdom. The signs upon which Mr Margel relies are associated in the United Kingdom with Mr Huddleston and HGC. **The goodwill in the business associated with the signs upon which Mr Margel relies belongs to Mr Huddleston and HGC. It does not belong to Mr Margel.**”*

37. This analysis is to some extent factually flawed. For example, there was

evidence from Mr Margel (not challenged) that he did exercise control over the form of the certificates issued in the United Kingdom under the EGL marks (cross-examination between pages 6 and 7). Furthermore, it seems to me to be unsatisfactory to state that EGL has never issued a certificate in the United Kingdom when a great number of the certificates issued by Mr Huddlestone were explicitly issued “*as agent for*” EGL.

38. Mr Norris criticized the Hearing Officer for not taking account of the agreement between Mr Margel and Mr Huddlestone. For the reasons I have given above, I think there is something in that criticism. The agreement did not itself determine the ownership of goodwill, but it established the nature of the relationship of the parties which itself informed the manner in which the mark was presented to the public.

39. However what the Hearing Officer crucially ignored in his analysis was the manner in which the EGL marks had been used in the UK. As I have pointed it out, the marks were constantly and explicitly used to indicate an international entity separate from Mr Huddlestone’s own business. The Hearing Officer seems to have taken no account of this. Rather he appears to have considered that the question of ownership of goodwill could be resolved in this case simply by identifying the person who operated or exercised control over the business which had issued the EGL certificates in the United

Kingdom.

40. I believe that this error may have been partly as a result of a misunderstanding of what the Court of Appeal said in Scandecor. In paragraph 61 of his decision, the Hearing Officer set out a series of bullet point propositions which he said could be derived from Scandecor. The final one of these is said to be: *“In relation to the ownership of the goodwill, what matters is the identity of the person carrying on the trading activities in the local territory with the customers: with whom do they associate the signs upon which Mr Margel relies?”* His reasoning in paragraph 62 follows immediately afterwards.

41. The final bullet point in paragraph 61 is a direct adaptation of a passage in Scandecor which reads as follows: *“In relation to the disputed goodwill, what matters is the identity of the person carrying on the trading activities in the local territory with the retailers: with whom do they associate the mark ‘Scandecor’”* [1999] FSR 26 at 45(6). It seems to me that this passage in Scandecor is not particularly well-expressed and certainly cannot have been intended by the Court of Appeal as a general test to be applied in all cases:

- (a) The very concept of a straightforward test of this sort would conflict with the warnings given earlier in the judgment that there were “no

quick, cheap or easy answers to be found in hard and fast legal rules, in binding precedents or in clear-cut factual and legal presumptions.”.

- (b) The test as expressed simply does not work in a large number of cases because it conflates two very different questions: “*who is carrying on the trading activities under the mark*” and “*with whom do the customers associate the mark*” in such a way as to suggest that they come to the same thing and the answer to each should be the same. In reality of course the answers to these two questions will often be different. Indeed, it is precisely the fact that these questions give contradictory answers which lies at the heart of many disputes of this kind.¹ In such cases, the test would make no sense and provide no answer.

42. To my mind, there are indeed two questions to be asked in a dispute of this kind where ownership of goodwill cannot be resolved as a matter of contract, They should be considered separately. The first question is “*who is responsible for the business carried on under the mark in the United Kingdom?*”. This may be the person or legal entity which actually deals with

¹ As it happens, of course, this was not the case in Scandecor itself, where the Court of Appeal clearly considered that two questions gave the same answer.

customers on a day to day basis (the Scandecor situation) but would also cover (in a franchise situation) the person or legal entity which exercises legal and practical control over the way the mark is used and the goods or services provided under the mark. The second question, the answer to which may be of greater importance than the answer to the first, could be expressed in the language of the Court of Appeal in Scandecor - “*with whom do customers in the United Kingdom associate the mark?*” but this is potentially misleading as it does not deal with the point that it does not matter whether customers actually know the identity of the person they believe to be responsible for the mark (Birmingham Vinegar Brewery Co Ltd. V. Powell [2897] AC 710 – the Yorkshire Relish case). I would therefore prefer to express it in more general terms by adapting the language of Lloyd Jacob J in BOSTITCH Trade Mark [1963] RPC 183 at 200 line 31: “*what is the significance of the mark to customers in the United Kingdom?*” . A common case in which this question is critical is where goods bearing a particular mark are only available from a particular source in the United Kingdom but the mark is understood by customers as indicating the manufacturer of the goods. In such cases, the goodwill will ordinarily belong to the manufacturer. It is a “manufacturer’s mark”, whether or not the customers know exactly who the manufacturer is (and even where some of them may falsely suppose that the supplier is the manufacturer – see BOSTITCH Trade Mark [1963] RPC 183). It is also very important in a case like the present where the user of the mark in the United

Kingdom holds himself out as a representative or agent for a foreign business.

43. In the present case, the answer to the first question is certainly that it is Mr Huddleston (or his company) who is responsible for the business of issuing EGL certificates in the United Kingdom. However, the second question also falls to be answered. There is no doubt in my mind that customers fully understand the significance of the EGL marks, and fully understand that they indicate something other than Mr Huddleston. His own business trades under a different name and he specifically identifies himself as issuing certificates as an “agent” for EGL. So far as customers are concerned, it is therefore clear that EGL is a separate international business which has authorized Mr Huddleston and his company to issue certificates in London on its behalf.

44. If the Hearing Officer had appreciated the importance of considering the way in which the mark has been presented to customers and what the mark signified to those customers, I believe that he could not have come to the conclusion that he did in paragraph 62 of his decision. I have no doubt that his decision was incorrect.

Ownership of goodwill by some other entity

45. Mr Malinicz maintained a “fall-back” position which was that Mr Margel had

not established on the evidence that goodwill belonging to the international EGL business was his own, rather than that of some separate trading corporation. He relied on paragraph 63 of the Hearing Officer's decision to this effect. Once again, I am puzzled as to how the fall-back position can be of any assistance to the Proprietor when the identity of the owner of the earlier right is not material to the ground of invalidity and there is no suggestion that the proposed alternative owner has consented to the registration of the Trade Mark. However, in the event it does not matter because I consider that the Hearing Officer's decision on this point was flawed for the following reasons.

46. In paragraph 63, the Hearing Officer points out that Mr Margel describes himself in his statement as "*International President*" of EGL and refers to EGL as "*my company*". I do not myself consider that these references are in themselves incompatible with Mr Margel being in business on his own account. The word "company", whilst it may refer to a corporation having a separate legal personality, is often also used as a general term covering any business enterprise. Given that, and given that English is not Mr Margel's first language, it seems to me that one cannot draw any conclusions from the use of the word "company" alone. Still less from the term "International President".

47. I also note that (i) no candidate for the mystery corporation has been put

forward; (ii) there is no reference in any of the certificates and other published materials to the existence of such a corporation; (iii) the Community Trade Mark applied for in September 2003 in respect of the EGL marks is in the name of Mr Margel personally; (iv) the Agreement dated 1 January 1986 was between the Proprietor and Mr Margel personally (defined as “MARGEL”) and refers to “*each and every location in which MARGEL may conduct business, including but not limited to Antwerp...*”. All of this suggests that EGL is indeed a personal venture of Mr Margel. On the balance of probabilities, I conclude that this is the case.

48. The Hearing Officer was influenced by the fact that Mr Margel did not clarify the position in his evidence, saying “*These are matters which it should have been easier to deal [with] in evidence and with which the evidence should have dealt.*” This ignores the point that this challenge to Mr Margel’s case under s5(4)(a) was never advanced in the pleadings or in the evidence on behalf of the Proprietor, nor was it even put to Mr Margel in cross-examination. If a respondent in trade mark proceedings wishes to advance a positive case that the goodwill on which the applicant relies does not belong to the applicant, but in fact belongs to someone else, this must be positively pleaded. A blanket denial is not sufficient to alert the applicant to the fact that the point is being taken. In those circumstances, the Hearing Officer was wrong to attach any significance to the lack of clarity in Mr Margel’s evidence

on this issue.

Conclusion

49. For the reasons set out above, I conclude that the Hearing Officer was wrong to reject Mr Margel's application to declare the mark invalid. I declare that the mark is invalid under s47(2)(b) of the Trade Marks Act 1994 on the grounds that there was an earlier right in relation to which the conditions set out in s5(4)(a) of the Act are satisfied.

50. Mr Margel is entitled to his costs. The Hearing Officer gave a short judgment on the costs to which the Proprietor was entitled having succeeded below. The sum ordered, excluding the travel costs of Mr Krasnianski, was £2700. On the same basis, and taking into account Mr Margel's travel costs (his train fare was, as he indicated in cross-examination, some £200, and there must have been other expenses), I award Mr Margel £3000 for the proceedings below, plus £800 for the hearing before me, totaling £3,800.

IAIN PURVIS QC

THE APPOINTED PERSON

11 NOVEMBER 2010