

O-508-13

TRADE MARKS ACT 1994

TRADE MARK APPLICATION 2575617

BY HESKETH RACING LIMITED

AND

OPPOSITION 102295

BY

LORD THOMAS ALEXANDER FORMOR-HESKETH

BACKGROUND AND MATTERS IN DISPUTE

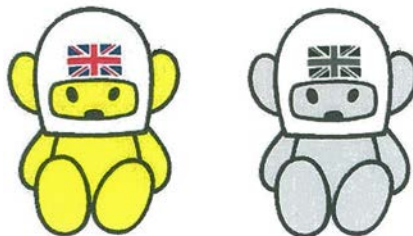
1. On 16 March 2011 Hesketh Racing Ltd filed application no. 2575617 to register the following mark for the following goods:



Class 25: Clothing, footwear, headgear.

2. Lord Thomas Alexander Formor-Hesketh (“Lord Hesketh”) filed an opposition against the application. The grounds of opposition are, in summary, as follows:

- The name HESKETH was first used by Lord Hesketh in relation to his motor racing business in 1972 in the UK and has been used continuously since that date. The following sign (“the Super Bear”) was used by Lord Hesketh in relation to his motor racing business in or about 1974 and was used on a worldwide basis until about 1978:



- Both the name HESKETH and the Super Bear have been used in relation to T-shirts, decalcomanias, advertisement hoardings, clothing, postcards, racing cars and motor racing. In relation to these goods and services Lord Hesketh owns goodwill in, and/or has significant reputation in, both the name HESKETH and the Super Bear. The extensive use of the Super Bear and worldwide repute of Lord Hesketh and his motor racing business have resulted in residual goodwill in the Super Bear. By using and applying to register the applicant’s mark the applicant has made a misrepresentation likely to lead the public to believe that the goods offered and/or provided by the applicant are those of, or related to, Lord Hesketh, who has and/or is likely to suffer damage as a result.

- Lord Hesketh owns the copyright in the Super Bear, which he created in or about 1974 and affixed to various merchandising goods relating to his motor racing business.
- The applicant must have been aware of Lord Hesketh's rights in his own name HESKETH and in the Super Bear. In making its application for registration the applicant was seeking to take unfair advantage of, and to trade off, Lord Hesketh's reputation and goodwill in his name and in the Super Bear. The Applicant's actions fell short of the standards of acceptable commercial behavior. The application was therefore made in bad faith.

3. The applicant filed a counterstatement, which can be summarised as follows.

- It is denied that Lord Hesketh has the rights claimed by him in the name HESKETH and the Super Bear.
- Lord Hesketh has not traded in the relevant business since 1976, when he sold the motor racing business, and he has not actively asserted any claims to the rights in relation to the name HESKETH or the Super Bear for over 30 years.
- Lord Hesketh does not own the copyright in the Super Bear.
- It is denied that there has been any misrepresentation likely to lead the public to believe that the goods offered and/or provided by the applicant are those of, or related to, Lord Hesketh, and that Lord Hesketh is therefore likely to suffer damage as a result.
- The application for the mark was not therefore made in bad faith.

The evidence

4. Lord Hesketh's evidence comprises his witness statements of 13 September 2012 and 11 June 2013, and a witness statement of 14 September 2012 of Mr Timothy William Dabin, who is the principal at Prialux Associates, a corporate investigations company. The applicant's evidence consists of a witness statement of 11 November 2012 of Mr Andrew Philip Smith, who is a director and owner of the applicant company, and a witness statement of 11 November 2012 from Ms Fiona Louise Spena. Ms Spena describes herself as a director of a related company called Retro Formula 1 Ltd.

5. In his witness statement Mr Dabin states that he was instructed by Lord Hesketh's trade mark attorneys, Withers & Rogers LLP, to carry out an investigation into the

use by the applicant of the mark in suit, and he attaches a copy of his report. He reports that Andrew Smith has since at least 18 December 2009 been using the mark in suit in relation to tee shirts offered for sale on the website retroformula1.com. This is not disputed by the applicant, and is confirmed in the witness statements of Mr Smith, who states that he is the owner of Retro Formula 1, that the mark was first used in August 2009 on items of clothing and headgear.

6. It can be seen from Mr Dabin's report, and from the exhibits to Mr Smith's witness statement, that a navigation bar on the home page of the retroformula.1.com website provides links to pages on the website that feature the names of various racing teams and persons associated with motor racing, and that a "HESKETH" link is included. The "HESKETH" page offers for sale various tee shirts bearing the mark in suit. Under the heading "THE PAST" the "HESKETH" page contains information about the activities of Hesketh Racing and James Hunt in the 1970s. Under "THE PRESENT" it informs the reader that the Hesketh 308 car is currently driven by Frank Syner.

7. Mr Dabin's report also draws attention to the following statement from the retroformula1.com website:

"During the past 12 months we have contacted all the legitimate trade-mark owners to officially licence our products."

8. In Exhibit AS3 to his witness statement Mr Smith states that products retailed by Retro Formula 1 under licence have the word "OFFICIAL" incorporated into the navigation bar. He reproduces the website's homepage with its navigation bar with links to teams and people. The first four are marked "OFFICIAL". The HESKETH link, along with a number of others, are not. Mr Smith includes a time line of events leading to the application in suit in Exhibit AS2. He states that Retro Formula 1 began trading in July 2009 after he had identified an unmet market for retro Formula 1 merchandise for teams and drivers from the 1950-1990s. Letters requesting licences were sent out to all whose contact details could be found. Some replied, others did not. Some marques were found to be obsolete. On 7 September 2009 Mr Smith sent a letter to Lord Hesketh, but no reply was received. Lord Hesketh confirms in his witness statement of 13 September 2012 that he received the letter but did not reply to the applicant.

9. Mr Smith says that between August 2009 and March 2011 (when the trade mark application was filed) he sold around £9k worth of shirts and caps bearing the opposed mark.

10. In observations submitted with, and referred to in, his witness statement, Mr Smith makes the following statements.¹ Before 3 March 2011 he had no intention of incorporating the applicant and making the opposed application for registration. On that date he received an email from marketingteam@heskethmotorcycles.co.uk, informing him that HESKETH and HESKETH RACING were registered trade marks of Hesketh Motorcycles and Hesketh Racing, and requesting him to confirm his intention to cease use of the trade mark HESKETH or HESKETH RACING, HESKETH RACING BEAR or any confusingly similar trade mark. In an email of 4 March he replied that his business had endeavoured to obtain all licences relevant to its products, and he hoped the fact that it had recently succeeded in developing licence agreements with Cosworth and Goodyear would be a good indicator that it had never been its intention *“to design, manufacture and retail motor sport merchandising that may infringe trade mark/copyright legislation”*. A search on the IPO website revealed that the trade marks HESKETH RACING and HESKETH RACING BEAR had not been registered. HESKETH had been registered by a Mr M Broom of Broom Engineering.

11. Mr Smith understands that Mr Broom was a previous employee of Hesketh Motorcycles and had developed a business repairing and rebuilding Hesketh Motorcycles for private owners. He contacted Mr Broom. In an email of 10 March 2011, Mr Broom replied that the Hesketh name and motorcycle company were going through some changes which involved Lord Hesketh. Mr Broom had no intention of doing anything short term that would affect Mr Smith’s business, but this did not mean that Lord Hesketh would not take another view. He (Mr Broom) advised Mr Smith to do nothing and await developments. Mr Smith continues:

“Subsequently, and as a direct response to:

- Hesketh Marketing Team stating incorrectly that “Hesketh and Hesketh Racing are registered trade marks of our businesses Hesketh Motorcycles and Hesketh Racing”*
- Discovering that no such Trade Marks nor company existed that included the text “Hesketh Racing” and Bear image*

I decided to take matters into my own hands to incorporate the company Hesketh Racing Limited (March 11th 2011) and submitted the Application of Trade Mark No: 2575617 (March 16th 2011).

At the time of incorporating Hesketh Racing Limited and the Application of Trade Mark No: 2575617, there were no existing companies nor marks to oppose my

¹ The relevant emails being reproduced in Exhibit AS2

actions. I felt I was entirely within my rights, both ethically and commercially to protect my business interests.”

12. After making the application for registration, Mr Smith says that he was approached by a Mr Sleeman who told him that he had bought all rights to the HESKETH name, SUPER BEAR image rights and the Hesketh Motor Cycle Company from Lord Hesketh and Mr Broom.

13. In his witness statement of 13 September 2012 Lord Hesketh states that:

- He established the racing team HESKETH RACING, which competed in the Formula 1, 2 and 3 Championships between 1974 and 1978.
- In 1976 he sold the HESKETH 308 C racing cars to Walter Wolf, but continued to race the HESKETH 308 B and 308 E racing cars up until 1978.
- The Super Bear logo was a creation of HESKETH RACING and was something which he managed, and that it was created in 1974.
- The Super Bear was used on merchandising in relation to HESKETH RACING.
- Extensive use has been made of the name HESKETH and the Super Bear logo in relation to HESKETH RACING.
- He has never relinquished any goodwill or rights in the name HESKETH or the Super Bear logo, but has actively promoted his rights in them, and has monitored their legitimate use continuously since 1974.
- He has recently granted use of the “biography” of HESKETH RACING, and of his trade marks and copyright in the marks HESKETH and the Super Bear logo, in commercial films.

14. Exhibit LH1 comprises various articles, dated from 1974, 1975, 1976, 1993, 1995, 1998, 1999, 2000, 2002, 2008, 2010 and 2011 from news media and websites. All of them make some reference to the activities of Lord Hesketh’s racing team – usually referred to as “Hesketh Racing”, or sometimes as “the Hesketh Team” – in the mid-1970s. Some articles focus on the team. Some relate primarily to Lord Hesketh and his career, accounts of his financing of, and involvement with, the Hesketh racing team in the mid-1970s. Some articles relate primarily to the racing driver James Hunt. They demonstrate the continuing interest in Hunt, following his death in 1993, and all contain some account of his involvement with Lord Hesketh’s racing team in the mid-1970s.

15. Lord Hesketh's witness statements are not explicit about the financing of the team. Statements made in the articles in Exhibit LH1 are hearsay, and the accuracy of their accounts cannot be checked. However, they contain no mention of any financial involvement by anyone other than Lord Hesketh during the initial period of the team's operation. The totality of the evidence suggests that Lord Hesketh alone financed the activities of the team during the period 1974 to 1975, and that some members of the team left it in, or by, 1976. Several historical reports indicate that Lord Hesketh withdrew his support for the Formula 1 team at the end of 1975. One report in an article from Historic Racing in February 1995 records that in 1975 Lord Hesketh announced to millions of viewers of the TV program Grandstand, that his Formula 1 team was at an end. Another article, by Christine Blachford, entitled 'Forgotten F1 teams – Hesketh Racing', which was published on the internet in 2009, records that Bubbles Horsley ran the Hesketh team from 1976 -1978 with financial backing from Rizla and Penthouse magazine. Although these reports are hearsay, I note that they were filed by Lord Hesketh himself.

16. Lord Hesketh states that:

“The SUPER BEAR logo has become synonymous with HESKETH and HESKETH RACING and has been used as a trade mark to designate goods which originate from my commercial activities. In terms of copyright, the SUPER BEAR logo was a creation of HESKETH RACING and was something which I managed. It was created in 1974. The SUPER BEAR logo was used on merchandising in relation to HESKETH RACING.”

17. An article downloaded from the internet entitled “Lord Hesketh's Teddy Bear” dated 17 November 2008 from “Track Thoughts: A Historic Motor Racing Journal” is included in Exhibit LH1. It states:

“In 1974 the team adopted a teddy bear as its symbol, and soon thereafter tee shirts and other merchandise became available for team supporters”.

18. This is followed by a picture of the image designated in Lord Hesketh's grounds of opposition as the Super Bear, with a speech bubble containing the words “Viva Hesketh Racing”, and a photograph of a tee shirt bearing a large image of the Super Bear with the words “Hesketh Racing” beneath it.

19. Among the online responses to the article is one dated 26 September 2009 which reads: “Could anyone tell me if the Hesketh T-shirt is still or could me [sic] available?”. No response is shown. Another item in Exhibit LH1 consists of an undated black-and-white photograph marked ‘German fans’ showing five people wearing this tee shirt. In another item in Exhibit LH1 Hesketh team members can be

seen wearing tee shirts with this Super Bear image in photographs from the period when the Hesketh team was active in the mid-seventies. An item marked '1970s UK' shows James Hunt wearing such a tee shirt. A further item consists of a photograph of a billboard bearing the image and the words HESKETH RACING, captioned 'London, England, 7 April 1974'. A cartoon marked 'AUTOSPORT, JUNE 6, 1974' also features the so-called SUPER BEAR image.

20. In support of his evidence that he has never abandoned his rights to HESKETH RACING and the SUPER BEAR logo, Lord Hesketh provided² a copy of an agreement of 15 October 2002 under which, for £10,000, he granted Working Title Films an option to acquire a range of rights to make a film involving his life story, specifically relating to his involvement with the Hesketh Racing Team. These include the following:

“Your rights in and to the Hesketh (teddy bear with hat) original logo and the Hesketh team colours (to the extent you have such rights). You agree to provide the Producer with details of any third party who might have any rights in the constituent parts of the original logo and the team colours (and details of any claims and/or disputes regarding the logo) and, if required by the Producer, you agree to assist the Producer in securing clearance of those rights (at Producer’s cost). If the Producer elects not to use the original logo you hereby grant the Producer the right to create a logo using the hat motif on the original logo combined with a generic teddy bear and to use said logo for all purposes hereunder”.

21. The agreement goes on to provide for the use of Lord Hesketh’s name and the name ‘Hesketh Racing’ and variations of it in connection with advertising, publicising, or otherwise exploiting in any medium the rights granted. In a letter of 1 April 2004 the option is renewed, for £10,000, for a further period of 18 months. It appears that this film was never made

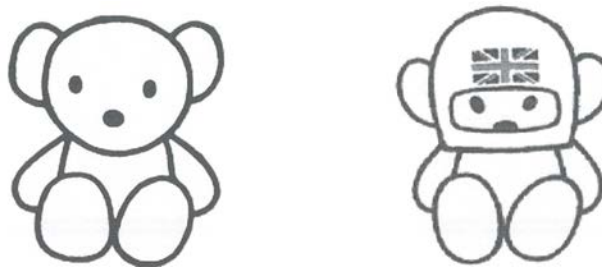
22. However, Lord Hesketh’s evidence includes another agreement³ – signed but undated except for the year 2012 – between Lord Hesketh and Rush Films Ltd. It consists of a Deal Memorandum and attached Standard Terms of Engagement. The Deal Memorandum provides that for a fee of £1,000, plus a contribution to legal costs, Lord Hesketh consents, *“to the extent that [he] holds the rights....and is lawfully able to do so”* to the referencing and depiction of Hesketh Racing in a docudrama film of, amongst other things, reproductions of trade marks, service marks, trade names, logos, design and other copyright works, including insignia, logos and trade marks of Hesketh Racing, vehicles of Hesketh Racing and clothing of Hesketh Racing. In his second witness statement of 11 June 2013 Lord Hesketh

² As exhibit LH2 to the witness statement of 13 September 2012

³ See exhibit LH3 to the witness statement of 13 September 2012

confirms the completion and imminent release of the film in question, and states that it will include extensive references to HESKETH RACING, HESKETH and the SUPER BEAR logo.

23. In observations submitted with, and referred to in, his witness statement, Mr Smith states that the image of the seated bear wearing a helmet (the image referred to by Lord Hesketh as “the Super Bear”, and forming part of the mark in suit) was temporarily used as a mascot for Lord Hesketh’s Formula 1 team from 1974, but was changed soon after. Mr Smith says that this was because the bear image was a copy of Dick Bruna’s ‘B is for Bear’ character. In Exhibit AS2 he reproduces both images for comparison:



24. He also includes an article about Dick Bruna from the Daily Telegraph of 31 July 2008, containing the following passage:

“This particular little bear was a Bruna drawing that caught the eye of the flamboyant Conservative politician Lord Alexander Hesketh, who put its image on the side of one of his racing cars. But Bruna began to worry: “I thought, what if the car is crashing? That’s not very nice. I’ve made it for children and not for that”. He told a friend, who encouraged him to set up a company to protect the rights to his images. Thus Mercis – which employs ferocious teams of lawyers to protect the Miffy name – and the Bruna brand were born.”

25. Also included in this exhibit are several pieces drawn from internet web sites reproducing reports that the Hesketh Racing team had to stop using the original SUPER BEAR logo after the team were sued for copyright infringement. An extract from Motor Magazine dated 22 December 1979 shows a revised bear character resembling a super hero complete with cape. The accompanying text says that the revised bear was drawn by Don Grant “after the team were sued by Dick Bruna for ripping off his bear and putting a helmet on it”. Exhibit AS2 also includes several (undated) pictures of team members wearing team clothing incorporating the revised bear logo.

26. Ms Spena's witness statement confirms Mr Smith's account, stating:

"As the Opponent states in his statement, the majority of the Opponent's business was sold in 1976 and finally in 1978 it folded completely. I did not find any evidence to prove the Opponent had actively used the bear image and "Hesketh Racing" since 1978 and before the filing date of 5th April 2011 in a commercial context. Taking all this information into account, we believed that we had a legitimate reason to seek registration of the bear image and text in order to protect our business."

The hearing

27. A hearing was held on 2 October 2013 at which the opponent was represented by Ms Tania Clark of Withers and Rogers LLP. Mr Smith and Ms Spena appeared for the applicant.

The copyright claim

28. Section 5(4) of the Act is as follows.

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

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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.

29. The law of copyright in the United Kingdom is governed by the Copyright, Designs and Patents Act 1988 ("CDPA"). Works in which copyright can subsist are defined by section 1(1) of the CDPA:

(1) Copyright is a property right which subsists in accordance with this Part in the following descriptions of work –
(a) original literary, dramatic, musical or artistic works,
(b) sound recordings, films [or broadcasts], and
(c) the typographical arrangement of published editions.

(2) In this Part "copyright work" means a work of any of those descriptions in which copyright subsists.

(3) Copyright does not subsist in a work unless the requirements of this Part with respect to qualification for copyright protection are met (see section 153 and the provisions referred to there).

30. The only potential category within which the opponent's SUPER BEAR work could fall is that of an artistic work. Section 4 of the CDPA defines the nature of an artistic work:

1) In this Part "artistic work" means –

(a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality,

(b) -

(c) -

(2) In this Part –

-

"graphic work" includes –

(a) any painting, drawing, diagram, map, chart or plan, and

(b) -

31. An artistic work must also be original. This appears to mean that it must be the authors' own intellectual creation.⁴ According to the CJEU in *Painer v Standard Verlags GmbH*,⁵ "That is the case if the author was able to express his creative abilities in the production of the work by making free and creative choices."

32. I accept that the SUPER BEAR drawing is a graphic work and therefore an artistic work. I also accept Lord Hesketh's evidence that it was created in 1974. It is not necessary, appropriate or possible for me to decide whether the bear itself was copied from Mr Bruna's earlier work. Even if it was (and it may therefore include an infringing work), the way that the helmet has been drawn and applied to the bear means, in my view, that the SUPER BEAR drawing as a whole shows sufficient "free and creative choices" to qualify the whole work as the author's own intellectual creation and therefore to create an original work.

33. According to s.5(4), the owner of an earlier right is the person or persons entitled to prevent the use of the trade mark. Section 16 of the CPDA provides that "the

⁴ *SAS Institute Inc. v World Programming Limited* [2013] EWCA Civ 1482

⁵ Case C-145/10 [2012] ECDR 6

owner of the copyright in a work” has the exclusive right to, inter alia, “*copy the work.*”

34. According to s.11(1) of the CDPA, the author of an artistic work is normally the owner of the copyright. I find it impossible on the evidence to identify the author of the SUPER BEAR. Lord Hesketh does not say that he created it, only that it was “*a creation of HESKETH RACING and was something which I managed.*” It might therefore have been a creation of someone in the team or a joint creation of the team as a whole. I have carefully considered whether I should infer that Lord Hesketh was at least one of the authors of the work. However, I do not consider that the words “*which I managed*” really amounts to a claim of joint authorship. It is not clear what that means. It may mean no more than that he managed the racing team.

35. I have also considered whether Lord Hesketh qualifies as owner of the copyright under s.11(2) of the CDPA on the basis that the work was created by an employee of Lord Hesketh in the course of his employment. However, it is not clear from Lord Hesketh’s evidence whether members of the Hesketh racing team worked for him under contracts of employment, or under contracts for services, or on the basis of some other arrangement with him or with the team as a whole. Further, even if the racing team members were employees, it is doubtful whether the creation of a team logo was something done in the course of their employment as engineer, racing driver etc.

36. Right from the outset of these proceedings, the applicant challenged Lord Hesketh’s claim to own the copyright in the work. Therefore if Lord Hesketh is in fact the owner of the copyright, I would have expected his evidence to directly address and explain his claim to ownership. He has not done so. I have therefore concluded that Lord Hesketh has not established who owns the copyright in the SUPER BEAR work. According to Article 2 of the Trade Marks (Relative Grounds) Order 2007⁶ only persons entitled to prevent the use of the trade mark are entitled to bring opposition proceedings under s.5(4) of the Act.

37. For these reasons, I reject the ground of opposition under s.5(4)(b) of the Act.

The passing off right claim

38. It is well established that passing off depends upon the existence of a) goodwill, b) misrepresentation, and c) damage. Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour

⁶ S.I. 2007/1976

complained about, and then to assess whether the position would have been any different at the later date when the application was made. This means that the matter must be judged as at 16 March 2011, but in considering the position at that date it may also be necessary to consider the effect of the use of the mark from 2009 by Mr Smith's business.

39. The grounds of opposition assert that Lord Hesketh has used the words HESKETH and the SUPER BEAR logo continuously since 1974 in relation to T-shirts, decalcomanias, advertisement hoardings, clothing, postcards, racing cars and motor racing. However, the evidence does not support this claim. Rather it seems clear on the evidence that the signs relied on were used by Lord Hesketh, or with his consent, in the period 1974-1975. The signs were used primarily in relation to motor racing. The use on advertisement hoardings was in relation to motor racing. At least some of the racing cars produced as part of that venture were subsequently sold in the 1970s to third parties under names including the word HESKETH. Therefore there is also some use of that word in relation to a trade in motor cars. At least one of these vehicles continues to be raced in recent times, probably in races for historical vehicles, but the current owner of the vehicle does not require Lord Hesketh's consent to race it and Lord Hesketh is not responsible for those activities. The current use made of the Hesketh 308 racing car does not therefore contribute anything to the goodwill created in the 1970s, except to the extent that it keeps the original goodwill in the public eye.

40. It is not clear what involvement Lord Hesketh had with the racing team between 1976 and 1978 when the racing team finally finished. It seems likely that he ended his active involvement at the end of 1975 and thereafter simply allowed the team to continue to race under its existing name. However, as the racing team's public successes were mainly in the period 1974-75, nothing much turns on this.

41. Lord Hesketh says that the signs were also "used on merchandise". Indeed there are a number of photographs in evidence showing team members and fans wearing t-shirts bearing the signs. However, there is no evidence as to the scale of such use or whether the t-shirts were sold or just given away to promote the racing team. I therefore find that the opponent has not established that any goodwill was created as a result of a trade in clothing.

42. The opponent's case must therefore depend on any residual goodwill that still exists from the racing team in the mid 1970s. In *W. S Foster & Sons Limited v Brooks Brothers UK Limited*⁷ Iain Purvis Q.C. sitting as a judge in the Patents County Court stated that:

⁷ [2013] EWPC 18

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

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

43. Lord Hesketh's motor racing business ended around 35 years before the date of the opposed application. Ms Clarke relied on *Jules Rimet Cup Limited v The Football Association Limited*⁸ as support for the proposition that residual goodwill can last this long and longer. This case concerned applications made in 2005 to register several marks including the name WORLD CUP WILLIE. That was the name of the mascot for the England team in the 1966 football world cup. The name had been widely used on merchandise associated with that event. The applicant plainly intended to make similar use of the marks it had applied to register, starting no doubt with the 2006 world cup. Mr Roger Wyand Q.C. sitting as a Deputy Judge of the High Court described the issue like this.

"56. Was any such goodwill that remained and was owned by D sufficient for a passing off action in 2005

57. In order to oppose successfully the JRCL application for registration of the two trade marks under section 5(4)(a) of the Trade Marks Act 1994 the FA must establish that it could have prevented the use of the trade marks by JRCL at the date of the applications in 2005. That is almost 40 years since the last activities which created the goodwill. That is a long time for the goodwill to survive. It is a question of fact as to whether the goodwill has survived and, because I rejected the FA's application to be allowed to adduce evidence of a survey, there is very little evidence to assist me. This says JRCL with some force, means that the FA must fail. The onus is on the FA to prove their case."

44. The Deputy Judge's findings are shown below.

"68. Would the fair use of the device mark and the word mark across the specifications applied for constitute passing off?"

⁸ [2007] EWHC 2376 (Ch)

69. Fair use of the device mark and the word mark would encompass use of the marks in a merchandising campaign connected with a major footballing event such as a World Cup or European championship. This was clearly envisaged by JRCL's marketing documents. In that context, there is a clear likelihood of confusion, resulting in passing off.

70. JRCL relies on the *Corgi* case, [1999] RPC 15 in which Geoffrey Hobbs QC sitting as the Appointed Person said:

"On the evidence before me I am prepared to accept that at the date of the application for registration of the later CORGI trade mark: (i) the applicant was the proprietor of a substantial and valuable goodwill built-up and acquired in connection with the promotion and sale of CORGI model vehicles over many years; (ii) the applicant could be damaged in its use and enjoyment of that goodwill if people were deceived or confused by use of the later CORGI trade marks as a trade mark for outer wear, sport and leisure wear. There is a question as to whether the word CORGI has been used by the applicant in a manner and to an extent sufficient to cause it to be misleading when used as a trade mark for the goods of interest to the respondent. This is the point at which I begin to have difficulty with the applicant's objection under section 5(4). I do not regard it as self-evident that people would be misled (with a concomitant risk of damage to the applicant in its use and enjoyment of the goodwill built up and acquired in connection with the promotion and sale of CORGI model vehicles) if the word CORGI was used by the respondent as a trade mark for outer wear, sport and leisure wear. The applicant's evidence leaves me in doubt on these matters. I think it is quite possible that people would perceive or assume correctly that the same mark was being used by separate undertakings trading independently of one another."

71. As one would expect from Mr Hobbs QC, those observations are clearly correct on the facts of that case. Here, however, the facts are very different. I have already held that the FA's goodwill is in licensing goods and those goods will be expected to be of a promotional nature connected in some way with the England team and a football competition. That is precisely the nature of the use that is intended by JRCL. If JRCL had applied for registration in respect of industrial motors, there might be similar issues to the *Corgi* case."

45. The applicant says that the facts in this opposition are different in two respects. Firstly, unlike the opponent's racing business, the Football Association's business is still on-going so it is inherently more likely that people would assume that renewed use of WORLD CUP WILLIE was under the control of the FA. I agree. Secondly, the world cup is a cyclical event, so re-use of previously used logos and emblems is inherently more likely than the resumption of a motor racing business which ended 30+ years ago and/or the sale of associated clothing. I agree.

46. In *Minimax GmbH & Co Kg v Chubb Fire Limited*⁹ Floyd J. (as he then was) considered whether a residual goodwill existed in 2003 in relation to a trade in fire fighting equipment which ended in the 1980s. He posed the question like this.

“15. It is difficult to define any minimum threshold. It will all depend on the facts. How big was the reputation when use stopped? How lasting in the public eye are the goods or services to which the mark is applied? How, if at all, has the person asserting the existence of the goodwill acted in order to keep the reputation in the public eye? The greater each of these elements is, the longer, it seems to me, it will take for any goodwill to dissipate.”

47. On the evidence he concluded.

“32. For my part, reviewing that evidence as a whole, I am wholly unable to detect that there was a proper basis in 2003 for the hearing officer to conclude that there remained a sufficient residual reputation in the name for a passing off action to succeed. At the very most, the name had been in the public eye until the 1980s. The extent of any use thereafter seemed to me to be either unclear or entirely trivial.

33. It follows that, for those reasons, I propose to allow the appeal.”

48. Lord Hesketh denies that he abandoned the goodwill from the racing team in the 1970s. I accept that. Lord Hesketh also says that he has continued to promote his rights in the HESKETH name and SUPER BEAR logo. I take this to be a reference to his agreements with Working Title Films Limited and Rush Films Limited. The first covered Lord Hesketh’s co-operation in making a film about the Hesketh Racing team. The film was never made so it cannot have contributed to, or preserved, any goodwill amongst the public. The second covered a docudrama which was made, but only released in 2013 – after the relevant date. Consequently, it cannot have affected any residual goodwill at the relevant date in these proceedings in 2011.

49. I note also that these agreements covered more than just the trade mark rights. They covered the various copyrights that would be necessary to make a film about the Hesketh Racing team. Films are expensive to make, so one can expect film makers to be particularly careful to ensure that agreements are made with anyone with possible legal rights to materials necessary to make the film. I also note that the commercial value of all the licensed rights in the 2011 agreement was only £1k – a relatively nominal sum. The most this evidence shows is that Lord Hesketh might have had a trivial residual goodwill in the name HESKETH and the SUPER BEAR logo in 2011 in relation to the former motor racing business.

50. That is not to say that there is no public recognition of the marks. The various articles in evidence show that there is still some nostalgic interest and affection for the 1970s Hesketh racing team. This is what the applicant seeks to exploit: the

⁹ [2008] EWHC 1960 (Pat) Floyd J.

public's recollection and desire to be associated with past racing events. However, the marks at issue will be perceived as having only historical significance. As Mr Purvis stated in *W. S Foster & Sons Limited v Brooks Brothers UK Limited*:

"74..... Goodwill is not merely the memory of a business. It is the 'attractive force which brings in custom'. The acid test for its existence in the present case must be whether, seeing a new pair of shoes bearing the 'Peal & Co.' name and the fox and boot brand, such customers would place any reliance on the quality of the old product from the early 1960s when considering whether to buy it. Plainly they would not. The brand would have to justify itself afresh. Residual goodwill cannot seriously expect to survive 48 years with no use."

51. It seems inconceivable that anyone encountering clothing bearing the opposed mark in 2011 would place any reliance of the quality of the services provided by the Hesketh Racing team in the 1970, or on the quality of any tee shirts it may have sold or given away during that period. Even if there remained a limited residual goodwill in relation to the motor racing business, it would not have extended to clothing. In this connection I note that in *Boxing Brands Limited v Sports Direct International PLC, Queensbury Boxing IP Limited and Others*¹⁰, Birss J. rejected a claim to goodwill in respect of clothing on the basis of a limited goodwill in gym services. He said:

"128. The claimant's case is that it is entitled to use QUEENSBERRY in relation to clothing and sports equipment or licence others to use it but by a counterclaim on behalf of the second defendant, it is contended that any such use would amount to passing off on the basis that the second defendant is the owner of a goodwill associated with QUEENSBERRY relating to "clothing, footwear, headgear, boxing services, boxing and sporting equipment, bags and other sports accessories, the operation of gymnasiums, boxing training services, management of sportspersons, sports promotional services and sporting events" (paragraph 17 of the Re-Amended Defence and Counterclaim).

129. The second defendant is the successor in title to whatever goodwill was generated by Mr La Mura and Mr Goodwin throughout the period I have considered above. Assuming in the defendants favour that the goodwill associated with the Bedford gym continues to this day, it remains the case that the goodwill associated with the gym does not relate to clothing nor to the sale of any other articles (neither footwear, headgear, boxing and sporting equipment nor bags nor other sports accessories). The gym goodwill is extremely limited in nature.

130. The defendants' definition includes the following services: "boxing services, boxing training services, management of sportspersons, sports promotional services and sporting events". I rejected the claim to goodwill in a boxing agency as at May 2008. The Queensberry Boxing corner men continued to attend fights wearing their polo shorts after May 2008 and I take into account the fact that Mr La Mura's QUEENSBERRY BOXING 1867 logo appeared at a number of fight venues. At best

¹⁰ 2013 EWHC 2200 (Ch)

this means that today there might be some very small recognition amongst boxing fans of this logo but all it can be associated with is the minimal activities carried out by Mr La Mura and his friends and their work with a very small number of boxers. I am not satisfied that anything carried out after that improves the defendants' position.

131.No-one seeing clothing or sports equipment sold by the claimant or its licensees would be likely to consider those goods had anything to do with the gym in Bedford or with the other activities relied on by the defendants. I reject the counterclaim based on passing off.

52. I recognise that each case turns on its own facts. However, in my judgment the opponent here has not established that he enjoyed any goodwill in relation to clothing at the relevant date, and any trivial goodwill that survived in relation to motor racing was insufficient to found a passing off claim in relation to clothing. Use of the opposed mark would not have led the relevant public (or even a significant number of them), being mainly those with an interest in motor racing, to have expected Lord Hesketh to have been responsible for the applicant's goods, or to have endorsed those goods. Rather the marks would be seen for what they are: historical marks used on merchandise intended to attract nostalgic motor racing fans with affection for teams of the past. I doubt that that public perception would have been any different whether the matter is judged in 2009 or 2011.

53. I have not overlooked the fact that Mr Smith sought licence(s) from Lord Hesketh before commencing trading in HESKETH merchandise in 2009. It is not clear what licences were sought. Mr Smith does not appear to have had legal advice at that point in time and may not have understood what licences he was asking for. He was obviously trying to flush out whether there were likely to be any objections to the proposed trade in 'retro' merchandise and, if possible, get some form of agreement which would enable him to tag the merchandise as 'official'. I do not consider that this behaviour sheds any light on the likely expectations of the general public as potential purchasers of clothing bearing historic motor racing marks.

54. For the reasons given above, the passing off right claim fails because of the absence of a relevant goodwill and/or misrepresentation.

The bad faith ground

55. Section 3(6) states that a trade mark shall not be registered if the application was made in bad faith. In *Red Bull GmbH v Sun Mark Ltd & Anr* [2012] EWHC 1929 and [2012] EWHC 2046 (Ch), Mr Justice Arnold summarised the general principles underpinning section 3(6) as follows:

"Bad faith: general principles

130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/ Article 3(2)(d) of the Directive/ Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of 27 many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EHW 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207–2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, *inter alia*, *Joined Cases C-456/01 P and C-457/01 P Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

56. The opponent complains that when making the application to register the opposed mark the applicant must have been aware of Lord Hesketh's rights to his own name. However, this assertion is based on a misunderstanding of the law. No one has an absolute right to his or her own name.¹¹ The law recognises as a property right the goodwill in a business. If a personal name is distinctive of such a business then the name is protected under the law of passing off. However, I have found that the opponent's goodwill in 2011 did not extend to a trade in clothing. I have also found that the opponent has not established his claim to the copyright in

¹¹ See *Elvis Presley Enterprises Inc. v Sid Shaw* [1999] RPC 567

the SUPER BEAR logo. In these circumstances I find it difficult to see why the application should be regarded as having been filed in bad faith.

57. Ms Clark submitted that the bad faith claim could succeed even if the other claims failed on the basis that the applicant knew that it was exploiting the reputation of the opponent for commercial gain and this was behaviour “*which fall[s] short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined*”. I do not accept this. There is nothing shady about selling retro merchandise bearing images and names from yesteryear, unless those signs are protected under the law.

58. Mr Smith’s business does not yet have appear to have used the opposed mark to designate the commercial source of the clothing bearing that mark – as a trade mark. Therefore one might question whether it was really necessary to register the mark as a trade mark in order to continue to conduct a trade in goods bearing the mark.¹² However, the specific context here is that Mr Smith’s business had received a cease and desist email from the Hesketh motor cycles co. claiming that it owned the registered trade mark HESKETH MOTORCYCLES and HESKETH RACING, along with relevant copyrights, and threatening legal proceedings based on such rights. A search of the register revealed no such trade marks. It showed that a Mr Broom owned trade mark registration 2530613 – HESKETH – which covered, inter alia, clothing in class 25. When contacted, Mr Broom said he had no objection to Mr Smith’s use of the opposed mark, but warned that “*the Hesketh name and motorcycle company were going through some changes which involved Lord Hesketh*”.

59. Accordingly, at the time of filing the application the applicant knew that the HESKETH mark was already registered for clothing (in the name of Mr Broom) and that some changes were afoot which involved Lord Hesketh. However, the applicant would not have been aware of any non-historical use of the registered mark by Mr Broom (or anyone else) in relation to clothing because there was none.¹³ Nor would the applicant have understood the nature of Lord Hesketh’s involvement in the changes.¹⁴ At the time of the application, Mr Smith’s business had been trading for around 18 months in clothing bearing the opposed mark. He had a legitimate interest in protecting that trade against newly acquired trade mark rights. In these circumstances I do not think that the applicant’s application to register the mark as a trade mark can be regarded as behaviour “*which fall[s] short of the standards of*

¹² Although following the judgment of the Court of Appeal in *Arsenal Football Club plc v Reed (No 2)* [2003] EWCA 696 (Civ), the possibility of such uses on merchandise being considered trade mark use has increased, and with it I suppose, the case for registering the marks, if you can.

¹³ Whether or not Mr Smith realised it at the time, this may affect the right to enforce the Hesketh mark in relation to clothing because it may make registration 2530613 unenforceable in opposition and cancellation proceedings and liable to revocation for non-use.

¹⁴ He later found out that the HESKETH trade mark had been sold to Mr Sleeman.

acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”.

60. The s.3(6) ground of opposition is therefore rejected.

Outcome

61. The opposition has failed.

Costs

62. The opposition having failed the applicant is entitled to a contribution towards its costs. The Registrar normally awards costs on the basis that such awards make a contribution towards the successful party's costs (as opposed to covering the full cost). If the applicant had been legally represented I would have ordered the opponent to pay the applicant £1800 made up of:

- i) £300 for considering the notice of opposition and preparing a counterstatement.
- ii) £500 for considering the opponent's evidence and filing evidence in reply.
- i) £1000 for preparing for and attending the hearing.

63. However, parties without legal representation usually have lower costs and it is necessary to ensure that awards do not exceed the amounts actually spent on the proceedings. Therefore I invite the applicant to provide, within 28 days of the date of this decision, a schedule setting out the costs incurred in these proceedings having particular regard to the headings set out above. This may include an estimate of the number of business hours spent on this matter and the hourly rate(s) at which these costs have been incurred. In this connection, it should be noted that the Registrar will not normally award costs to unrepresented parties at a rate higher than £18 per hour.

64. The applicant should copy its schedule and any covering documents to the opponent's representatives.

65. The opponent will have 21 days from the date of receiving any such schedule in which to submit any written comments it wishes to have taken into account.

Status of this decision

66. This is a final decision on the substance of the opposition and the period for appeal shall run from the date below. This is an interim decision on costs. A final decision on costs will follow receipt of the applicant's schedule and the parties' written submissions on costs.

Dated this 17th day of December 2013

**Allan James
For the Registrar**