

BL O-417-18

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION NO. 3180687

IN THE NAME OF WESTAR INTERNATIONAL CORPORATION

AND APPLICATION NO. 84780 THERETO BY

ACQUISITION 395215436 LIMITED

TO RECTIFY THE REGISTER

Background and pleadings

1. On 12 May 2017, Acquisition 395215436 Limited (“Acquisition”) applied to rectify the register of trade marks. The trade mark registration in question stands in the name of Westar International Corporation (“Westar”).

2. The trade mark the subject of the registration consists of the word **Cardland**. It was applied for on 17 August 2016 and entered in the register on 18 November 2016 for services in class 35.

3. In its application, Acquisition stated:

“We are instructed on behalf of the liquidator of Greetings International Ltd (now named Acquisition 395215436 Limited). We note that the form TM3A was filed on behalf of “Westar International Corporation/Greetings International Ltd, 1 Whittle Place, South Newmoor Industrial Estate, IRVINE, United Kingdom, KA11 4HR” by Jim McAllister. The stated country of corporation is “United States of America” and incorporation state “Wyoming”. This is incorrect. Jim McAllister was a director of Greetings International Ltd and Greetings International Ltd is named as the “ltd” owner. The references to “Westar International Corporation” and “United States of America” and “Wyoming” should be removed. The register should be updated to reflect the owner as “Acquisition 395215436 Limited” (formerly Greetings International Ltd – which may have traded as “Westar International Corporation”) and the registered address should be updated from [that shown above] to “Findlay House, 10-14 West Nile Street, Glasgow, G1 2PP”. Copies of the Companies House records are enclosed which support the foregoing...”

Also attached to the application is, inter alia, a copy of the filing receipt issued by the Intellectual Property Office (“IPO”) when the application was filed.

4. On 13 July 2017, the tribunal served the application for rectification upon the registered proprietor's professional representatives, Trade Marks Direct ("TMD"). Under the provisions of rule 44(2)(b) of the Trade Marks Rules 2008 ("the rules"), TMD were allowed until 13 September 2017 to file a counterstatement together with evidence or submissions. For reasons I will come to shortly, TMD did not respond to that letter.

Related proceedings between the same parties

5. In order to put this rectification action into context, it is necessary to refer to two other sets of related proceedings between the same parties. On 21 May 2017, Acquisition applied for a trade mark of its own. That application, no. 3232605, is for the trade mark Cardland in classes 16 and 35; it was published for opposition purposes on 2 June 2017.

6. On 24 May 2017, Acquisition also filed an application to invalidate the registration the subject of these proceedings; that application (no. 501670) is based upon sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 ("the Act") i.e. bad faith and passing-off. That application was served upon TMD on 15 June 2017 and on 7 August 2017 Westar filed a Form TM8 notice of defence and counterstatement.

7. On 7 August 2017, Westar filed a Form TM7 to oppose trade mark application no. 3232605. That opposition (no. 409964) is based upon sections 5(1), 5(2)(a) and 5(2)(b) of the Act (relying upon the registration the subject of these proceedings) and sections 3(6) and 5(4)(a) of the Act.

8. On 13 November 2017, the tribunal wrote to the parties indicating that a Case Management Conference ("CMC") was to be held to discuss the further conduct of all three sets of proceedings. At that CMC, which took place before me on 14 December 2017, Acquisition was represented by Mr Phillip Hannay of Cloch Solicitors and Westar, by Ms Katherine McCormick of TMD. At that CMC, I gave various directions which included giving TMD the opportunity to comment upon its apparent failure to reply to the

official letter of 13 July 2017, serving the application the subject of these proceedings upon it.

9. In a letter dated 9 January 2018, TMD responded stating inter alia:

“It is firmly submitted that the rectification action...should not be admissible...

This is not a case where the applicant’s or proprietor’s name and/or address was entered in error. The IPO entered the name and address exactly as intended by the applicant.

Rectification is not a substitute for invalidity proceedings and should not be used to achieve the cancellation or transfer of a trade mark “by the back door”. This is indeed what [the applicant] is attempting to do since their action is based solely on the existence of an alleged “prior right”.

Indeed, [the applicant] has since filed an invalidation action, involving the exact same mark, parties and reasoning. This is the correct cause of action in this case and so the proceedings should continue by way of the ongoing cancellation action instead.

As [the applicant] filed the cancellation action shortly after the TM26(R), citing the same grounds, the [registered proprietor] was justifiably lead (sic) to conclude that the blatantly inadmissible TM26(R) must have been filed in error and abandoned and replaced by the cancellation action.

The [registered proprietor] does not have any evidence to file against the rectification request, other than information already in the possession of the Registry, namely the registration certificate and [registered proprietor’s] letter of 19 May 2017 and reply from the IPO of 7 June 2017.

Please confirm the non-admissibility of this rectification action accordingly.
However, if the rectification action is for some reason to proceed, [the registered proprietor] denies it fully.”

10. At a second CMC held before me on 20 March 2018, inter alia, Mr Hannay was allowed 14 days to “consider and comment upon the viability” of this rectification action. In my letter following that CMC, I also stated:

“Should the various proceedings continue and for the reasons I explained, I intend to direct that both parties provide security for costs in the amount of £5000, such security to be held by the IPO in an Escrow account;”

11. In an email dated 3 April 2018, Mr Hannay responded, concluding that the rectification was viable and citing a range of points in support of that conclusion (I shall return to these points below). He also commented upon my decision to order Acquisition to provide security for costs. I have dealt with that issue separately (maintaining the position that security for costs from both parties is appropriate). Mr Hannay’s conclusions in support of the rectification are as follows:

- the online record is inherently and factually ambiguous;
- the rectification does not seek substitution but seeks to clarify the trade mark’s record;
- the applicant seeks clarity on (i) the exact identity of the owner and (ii) “the use of [the applicant’s name and address] as part of the “owner information”;
- the identity of the owner contains no company number, which ought to have been disclosed during the application process;

- a trading name has been used (Westar) in addition to a corporate name (Greetings International Limited);
- in terms of section 32(2)(b), the applicant is more “fully disclosed” than the registered proprietor;
- contrary to section 32(3) of the Act, as at the date of application, the mark applied for was not being used by Westar or with its consent and there was no bona fide intention that it should be so used;
- the applicant’s name was used as part of the owner’s information because the applicant, and not the registered proprietor, was using the trade mark CARDLAND in the UK;
- the use of [the applicant’s] name and address as part of the owner’s information was not a preference but a necessity because [the applicant] was the owner of the mark CARDLAND in the UK and was trading with the name from the address included in the application;
- the address of the registered proprietor has been changed since the dispute commenced. The applicant asks the registered proprietor to confirm the legal identity of “the proprietor and any tenant at that address and the reason for that change.”

DECISION

12. Applications for rectification are governed by section 64 of the Act and rule 44 of the rules, the relevant parts of which read as follows:

“64. - (1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:

Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.

(2) [...]

(3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.

(4) [...].

(5) [...].”

and:

“44.—(1) An application for rectification of an error or omission in the register under section 64(1) shall be made on Form TM26(R) together with:

(a) a statement of the grounds on which the application is made; and

(b) any evidence to support those grounds.

(2) Where any application is made under paragraph (1) by a person other than the proprietor of the registered trade mark the registrar—

(a) shall send a copy of the application and the statement, together with any evidence filed, to the proprietor; and

(b) may give such direction with regard to the filing of subsequent evidence and upon such terms as the registrar thinks fit.”

13. Section 72 of the Act is also relevant. It states:

“In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

14. The above places the burden on Acquisition to persuade the registrar that there is an error in the register that should be rectified.

15. Whilst Ms McCormick took issue with the basis of the application, at no point did she suggest that if the application was viable, Acquisition did not have sufficient interest to make the application. That, in my view, is a sensible approach and accords with my own view of the matter.

16. The relevant details appearing on the form of application were as follows:

<p>“Owner(s) Name Owner(s) Address</p>	<p>Westar International Corporation Greetings International Ltd 1 Whittle Place South Newmoor Industrial Estate IRVINE Ayrshire KA11 4HR United Kingdom</p>
<p>Incorporation Country State of Incorporation</p>	<p>United States Of America Wyoming</p>
<p>Representative Name Representative Address</p>	<p>Trade Mark Direct 4 Grove Park Studios 188-192 Sutton Court Road Chiswick London W4 3HR United Kingdom</p>

Declarant Name: JIM MCALLISTER
Your Reference: 11937”

Chronology

17. A review of the parties’ submissions and, where appropriate, the publicly available Companies House database, indicates that Westar was incorporated in the United States by Mr McAllister on 12 July 2016. At the date the application was filed i.e. 17 August 2016, Mr McAllister was also a Director of company no. SC262837 i.e. Greetings (International) Ltd (“Greetings”); Mr McAllister resigned as a director of that company on 1 October 2016. On the same date, a “Share Purchase Agreement” between, inter alia, Greetings and Rigel Kent Acquisitions Ltd (“Rigel”) was entered into, in which Mr McAllister (“for and on behalf of [Greetings]...” is described as the “Seller”. Clause 2.2 to 2.5 of that Agreement read:

“2.2. By signing this agreement the buyer acknowledges that [Westar]...is and remains the recorded owner of all the intellectual property rights and any goodwill that might be attached to it now or in the future of the mark “CARDLAND” with trade mark registered number [3180687 i.e. the trade mark the subject of these proceedings].

2.3 [Westar] agrees that they will grant to the buyer by way of this agreement a personal non exclusive Licence to use the registered mark “CARDLAND” on a month to month basis starting from the date of this agreement;

2.4 The buyer acknowledges that the issued licence to use the registered trade mark will automatically terminate without notice if the buyer is unable to pay its debts generally, make any assignment for the benefit of creditors, be declared bankrupt files or enters into any form of administration or liquidation either forced or voluntary.

2.5 The buyer acknowledges that no assignee for the benefit of creditors, custodian, liquidator, receiver, administrator, trustee, sheriff or any other officer of the court or official charged with taking over custody of the buyers or companies assets or business will have any rights to continue this agreement or to exploit in any way claim rights or to use the trade mark if termination occurs pursuant to paragraph 2.4 above.”

18. Rigel failed to find a buyer to operate the business as a going concern and the company ceased to trade as from 26 January 2017. On 11 January 2017, Greetings changed its name to Acquisition. A provisional Liquidator was appointed on 17 February 2017, and a winding up order was issued by the court on 8 March 2017.

Considerations

19. At the point the application for registration was filed, it appears that Mr McAllister was either one of, or the controlling mind(s) of both Greetings and Westar. It appears to me, that he would have had the necessary authority to direct TMD to file the application in the manner it did i.e. in the name of Westar using the address details which included a reference to Greetings and its address at 1 Whittle Place.

20. In relation to Acquisition’s comments regarding the absence of a company number appearing in the application for registration, it is only necessary for an applicant to provide a company number if the owner of the trade mark is, inter alia, a company incorporated in the United Kingdom. As Westar is a company incorporated in the United States, it was only necessary for that fact together with the state of its incorporation i.e. Wyoming to be included.

21. Contrary to Acquisition’s comments on section 32(2)(b) of the Act, when the application for registration was filed, the name of the applicant was provided i.e. Westar, as was an address. The fact that that address is not the address of Westar in the United

States but an address of another company (and one with which Mr McAllister had a close connection) in the United Kingdom, does not mean that the application did not comply with the above requirements.

22. Insofar as Acquisition's comments on section 32(3) of the Act are concerned i.e. "that the trade mark is being used, by the applicant or with its consent...or that he has a *bona fide* intention that it should be so used", these are quite clearly matters that affect the validity of the registration, and should be dealt with in invalidation rather than rectification proceedings.

23. Finally, on 18 May 2017, TMD, on behalf of Westar, filed a Form TM21A to change its address from that shown above to Cardland Central, Unit 5, Palmermount Ind Estate, Dundonald, Ayrshire, KAS 9BL; that is, quite clearly, an action the owner of a trade mark is entitled to take.

Conclusion

24. Having reviewed, inter alia, the parties' competing positions on the basis of all the information available to me, I am not satisfied that the register contains an error or omission, nor do I agree with Acquisition that it is ambiguous.

Outcome

25. The application for rectification fails.

Costs

26. Although Westar has been successful, I remind myself that rather unwisely, in my view, it elected not to react to the application. No counterstatement or evidence was filed and its view of the matter only became known because of the decision of this

tribunal to hold a CMC in December 2017. Whilst Ms McCormick did provide oral submissions on the matter at both CMCs and the brief written submissions mentioned above, had the matter progressed without Westar's involvement, the outcome of the application would, in my view, have been the same. In those circumstances, I do not intend to favour Westar with an award of costs.

Any appeal to the Appointed Person against this decision is, as indicated above, dependent upon the parties providing security for costs.

Dated this 10th day of July 2018

C J BOWEN

For the Registrar