

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2031741 BY
EICHER LIMITED - ROYAL ENFIELD MOTOR UNITS
TO REGISTER A MARK IN CLASS 12**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 45356
BY DAVID MATTHEW SCOTT HOLDER T/A VELOCETTE MOTORCYCLE
COMPANY**

AND

**IN THE MATTER OF APPLICATION NO. 9188 BY DAVID MATTHEW SCOTT
HOLDER T/A VELOCETTE MOTORCYCLE COMPANY FOR A
DECLARATION OF INVALIDITY IN RESPECT OF TRADE MARK
NO. 1514064 IN THE NAME OF EICHER LIMITED - ROYAL
ENFIELD MOTOR UNITS**

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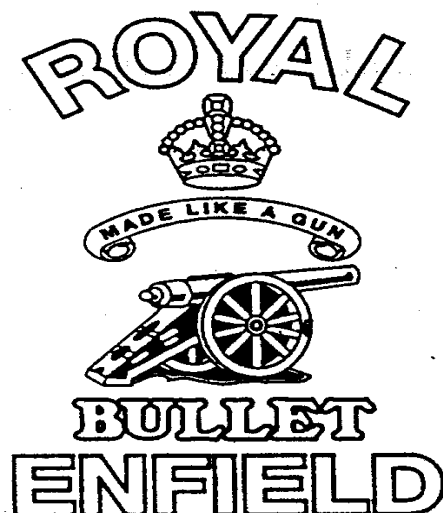
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DECISION

On 26 August 1995 Bavanar Products Limited applied to register the following mark in Class 12 for a specification of goods reading “motorcycles; motor land vehicles; parts and fittings in Class 12 for all the aforesaid goods”.



The application is numbered 2031741. As a result of an assignment the application now stands in the name of Eicher Limited - Royal Enfield Motors Unit.

The following mark

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is registered in the name of the same proprietor under No. 1514064.

20 By an application dated 12 September 1996 David Matthew Scott Holder T/A Velocette Motorcycle Company (VMCC) applied for a declaration of invalidity in respect of registration No. 1514064 and on 13 September 1996 Mr Holder filed notice of opposition to application No. 2031741.

25 The grounds on which Mr Holder bases his action are essentially the same in each case and in fact the two actions were consolidated at a very early stage. In summary the grounds are

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- (i) under Section 3(6) in that the marks were applied for in bad faith
 - (ii) under Section 5(4) in that use of the marks is liable to be prevented by virtue of a rule of law and in particular the law of passing-off.

Additional grounds under Section 3 (3)(b) and 3(4) were included in the original grounds but withdrawn shortly before the hearing. I need say no more about these grounds,

35 I should just add that in the statement of grounds relating to the application for a declaration of invalidity under Section 47 Mr Holder refers to Section 11 of the Trade Marks Act 1938. By virtue of the operation of paragraph 18(2) of Schedule 3 (Transitional Provisions) to the Trade Marks Act 1994 the provisions of the 1994 Act are deemed to have been in force at all material terms. I do not regard the reference to Section 11 of the preceding law as being
40 applicable.

Counter-statements were filed which denied the grounds of attack and disputed Mr Holder's claims to proprietorship of the marks which form the basis of the actions.

45 Both sides ask for an award of costs in their favour.

Both sides filed evidence and the cases came to be heard on 29 June 2000 when the applicants/registered proprietors were represented by Ms M Heal of Counsel instructed by David Keltie Associates and the opponents/applicants for invalidity were represented by Mr M Edenborough of Counsel instructed by Forrester Ketley & Co.

In view of the fact that these actions have been consolidated I intend for ease of reference (and to avoid confusion in respect of the term applicants) to refer to the applicants/registered proprietors as Eicher Ltd and the opponent/applicant for invalidity as Mr Holder in what follows unless particular circumstances require otherwise.

Mr Holder's Evidence

Mr Holder has filed a statutory declaration dated 27 August 1997. He says that he and his wife trade under the name Velocette Motor Cycle Company (VMCC). This latter name is said to have been adopted in the early seventies, VMCC having previously traded as Aerco Jig & Tool Company. He describes the circumstances by which that business came into his ownership.

He says of the history of the ROYAL ENFIELD name

“The name ROYAL ENFIELD was first applied to motor cycles in 1898 by the Enfield Cycle Company Limited (hereinafter referred to as “Enfield Cycle”) which sold motor cycles by reference to the ROYAL ENFIELD trade mark for approximately 70 years. Enfield Cycle also manufactured pedal cycles but this part of the business was sold off in 1966 or thereabouts.

Enfield Cycle split into two divisions in 1966/67. ROYAL ENFIELD **twin cylinder** motor cycles and their spare parts continued to be manufactured and sold by Enfield Cycle's sister Company, Enfield Precision Engineers Limited (hereinafter referred to as “Enfield Precision”) based in Bradford on Avon. There is now produced and shown to me, marked Exhibit “DMH-1”, a Technical Data information leaflet and a spare and replacement parts Manual for the 1969 ROYAL ENFIELD motor cycle.

The business in the ROYAL ENFIELD **single cylinder** motor cycles, and their spare parts, was sold to Veloce Limited, who were also referred to in the trade as Velocette. There is now produced and shown to me, marked Exhibit “DMH-2” the following:-

- (1) a copy of a press clipping regarding Veloce Limited's sale of spare parts by reference to the trade mark ROYAL ENFIELD.
- (2) ROYAL ENFIELD - The story of the company (refer page 150)

In 1971, VMCC acquired the business of the “manufacture of motorcycles and motorcycle spare parts” from Enfield Precision, for the **twin cylinder** ROYAL ENFIELD motor cycles.

There is now produced and shown to me, marked Exhibit "DMH-3", correspondence between my Father and Enfield Precision regarding the acquisition, and Exhibit "DMH-4", a book entitled: "The Story of "Royal Enfield" Motor Cycles by Peter Hartley (see specifically page 123).

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Later in 1971, Veloce Limited went into liquidation. The assets of this company, which included the business of the manufacture and sale of spare parts for the ROYAL ENFIELD **Single Cylinder** Motor Cycle (and also the Velocette Motor Cycle) were purchased by C C Cooper Limited who sold the whole of the business and all its assets to my Father the transfer of the assets was referred to in the press at that time."

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He exhibits (DMH-5:A-E) extracts from a number of books in support of the above and a letter from Titch Allan, founder of the Vintage Motorcycle Club confirming the sequence of events (DMH-6).

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Mr Holder says that VMCC have used the name ROYAL ENFIELD continuously since 1971 in relation to the production and sale of spare and replacement parts for ROYAL ENFIELD motor cycles.

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Goods are said to have been sold throughout the United Kingdom, for example, in the following towns - Birmingham, London, Solihull, Burton on Trent, Beckermeth Cumbria, Derby, Bournemouth, Manchester, Sheffield, Fife Scotland, Bristol, Enniskillen (N. Ireland), Aberystwyth (Wales), Redditch, Huddersfield, Leeds, Christchurch.

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Mr Holder says that the approximate annual monetary turnover of the Goods under the Trade Mark¹ sold by VMCC within the United Kingdom has been as follows for the years stated:

	<u>Year</u>	<u>Amount</u>
30	1985	£ 155,508
	1986	£ 151,643
	1987	£ 212,770
	1988	£ 377,324
	1989	£ 565,720
35	1990	£ 759,043
	1991	£ 789,248
	1992	£ 866,216
	1993	£ 962,680
40	1994	£1,071,671

He estimates that at least 20% of the above turnover figures relate to the sale of the Goods by reference to the Trade Mark.

¹In fact I understand that the turnover figures are for VMCC's business as a whole

The goods are not generally advertised because the customers are dealers and not the general public. Due to the specialised nature of the classic motor cycle business customers are enthusiasts or collectors who pass information by word of mouth. However he exhibits

- 5 DMH-9 - specimen promotional material
- DMH-10 - examples of badges and labels
- DMH-11 - the mark as it appears on VMCC's stationery and invoices.

10 In relation to Bavanar (the applicants/registered proprietors) he says that they are distributors and importers of Indian made motor cycles. He exhibits (DMH-12 and 13) newspaper clippings with an editorial about the launch of the Indian products. He also makes a number of observations relating to a 'legal wrangle' referred to in the press reports regarding the addition of the word ROYAL.

15 Mr Holder expresses surprise that the counter-statement contained a denial of VMCC's claim to ownership since Bavanar are said to have approached him in 1989 with an offer to purchase the trade mark. He exhibits (DMH-14) copy correspondence with his solicitors at the time relating to this. As a result he suggests that the application/registration were made or obtained in bad faith. He concludes by exhibiting (DMH-15) a copy of issue 132 of the magazine of the
20 Royal Enfield Owners Club which he says suggests that Bavanar's intention to sell motor cycles in this country has not been well received by enthusiasts and collectors. Since the announcement he claims to have received enquiries from customers asking whether he had sold the rights in the mark.

25 In response to a request to provide further information and clarification on a number of points made in his main declaration Mr Holder subsequently filed a further statutory declaration dated 23 September 1999. The main points are

- 30 S the provision of a spare and replacement parts list (Exhibit DMH1 (a))
- S a declaration by Mr Holder's accountant attesting to the accuracy of the turnover figures (Exhibit DMH 1(b))
- 35 S a selection of copy invoices (Exhibit DMH 1(c)) cross referenced to the ROYAL ENFIELD spare and replacement parts list
- S an example of a parts list distributed to customers (Exhibit DMH 1 (d))
- 40 S a drawing of a petrol tank badge (Exhibit DMH 1 (e))
- S Mr Holder also refers to enquiries received from his own customers as a result of the proprietors' advertising campaign
- 45 S he comments further on the legitimacy or otherwise of the use of the ROYAL tag and exhibits (DMH 1(f) a product leaflet from one of the proprietors' new distributors. This is said to have been sent to him by one of his customers because of the alleged improper use of the ROYAL ENFIELD trade mark.

Eicher Ltd's Evidence

5 A statutory declaration dated 20 June 1998 has been filed by Raja Narayan, the Managing Director of Bavanar Products Ltd. A later statutory declaration by David Arthur Keltie, (Eicher's Trade Mark Attorney) makes it clear that Bavanar is the distributor for Eicher's products in the UK; that Eicher is successor in business to Enfield India Ltd; and that Bavanar assigned the trade marks it had applied for and registered to Eicher.

10 Mr Narayan firstly says that Mr Holder has not provided proof of the acquisition of the trade marks formerly owned by Enfield Cycle Company and that to the best of his knowledge all trade marks formerly registered in the name of the Enfield Cycle Company were allowed to lapse in the 1970s. He also denies approaching Mr Holder in 1989 (I take this to be in relation to the claim that Enfield India wished to buy the marks).

15 Mr Narayan describes in some detail the Indian manufacturing operation and its relationship with Enfield Cycle Company. I do not need to record full details but briefly in the 1950s a company called Madras Motors Ltd (MML) became agents for Enfield Cycle Company (ECC) and started selling ECC motor bikes in India. Initially the motor bikes were imported into India in kit form and assembled by MML - but by 1958 full production of complete motor
20 bikes was taking place to the point where the Indian plant was no longer reliant on parts from ECC. A separate company was also set up in India called Enfield India Ltd (EIL) which was responsible for producing and selling motor bikes bearing the Royal Enfield mark. EIL effectively took over the production of motor bikes from MML. He goes on to explain that

25 "EIL was a public limited company in India, with a majority shareholding being owned by Mr Easwaran and Mr Sundaram, the original importers of the motor bike kits. However approximately 26% of the share-holding of EIL was owned by subsidiaries of Manganese Bronze Holdings of the UK, one such subsidiary being ECC. Furthermore, until early 1990, a Mr Philip Sellars (now deceased), who worked for Manganese
30 Bronze Holdings, was a Director on the Board of EIL.

35 There was clearly an established link between ECC and EIL, and the fact that EIL was producing "Royal Enfield" motor bikes in India with the clear knowledge of ECC in the UK confirms this. Unfortunately around 1970, ECC went into liquidation and to the best of my knowledge motor bikes and pedal cycles bearing the R/E Mark were no longer produced in the UK. The only new "Royal Enfield" motor bikes available to UK purchasers were those produced by EIL, as is the situation today".

40 Mr Narayan goes on to explain his firm's relationship with EIL and exhibits (RN/BAV-1) a copy of a contract between them dated 1 December 1988 and supplementary and consolidating agreements (RN/BAV-2) dealing with the conditions of a distribution agreement (dated in April 1992 and January 1993). It seems that previous attempts by EIL to register trade marks in this country had encountered difficulties, but in early 1992 EIL agreed that the Royal Enfield mark should be registered in the name of Bavanar Products Ltd. In support of
45 this he exhibits a letter from EIL (RN/BAV-3), a search report (RN/BAV-4) and the statutory

5 declaration and exhibits providing evidence of use filed in support of four applications in September 1992 (RN/BAV-5). The declaration gives details of the history of the Royal Enfield mark and details of sales turnover and advertising expenditure under the marks from 1987 to 1993. Included in the exhibits is a video of a BBC TV programme which is said to have been viewed by some 3.9 million people.

10 In the past 10 years Mr Narayan says his company has been marketing and selling motor bikes bearing the Royal Enfield mark in the UK and have established a dealership network and participated in many outside events. During that time he has not been aware of any products marketed or produced by Mr Holder under the name Royal Enfield nor has he been aware of any confusion in the market place. He goes on to describe press coverage of the Royal Enfield re-launch in this country.

15 In 1995 it was decided to further protect the Royal Enfield image by registering the canon device (see application No. 2031741). Mr Narayan describes contracts with the Royal Enfield Owners Club of Great Britain in relation to this device. Ensuing correspondence is exhibited at RN/BAV-6) as is a copy of the new device mark that was commissioned (the subject of the above application) - RN/BAV-7. At the end of 1995 Mr Narayan says he applied to register Royal Enfield (UK) Limited as a company name. He exhibits a copy of a letter from the Home Office (RN/BAV-8) to his trade mark attorneys indicating that there would be no objection to the use of this name. Finally Mr Narayan records the attempts he has made through trade and press contacts to discover more information about Mr Holder. He exhibits (RN/BAV-9) a letter from Mr R S B Wilson, a writer on British motorcycles which he says is typical of the responses received in that none of the people spoken to were aware of any use made by Mr Holder of the ROYAL ENFIELD mark. I should say that the open letter from Mr Wilson is the subject of some controversy. Mr Wilson says that to the best of his knowledge Mr Holder had never utilised the Royal Enfield name, or advertised spares to the public or made any claim to ownership of the mark. Rather he says that Mr Derek Chapman of Evesham Motorcycles was using the name. He goes on to refer to comments attributed to Mr Chapman. In turn Mr Wilson's statement and Mr Chapman's comments contained in it are the subject of evidence in reply by Mr Holder. I do not intend to summarise this material or to give it great weight. Mr Wilson's statement is in the form of a "To whom it may concern" letter, contains hearsay, is in part contradicted by material in an extract from a book by Mr Wilson himself (contained in Mr Holder's reply evidence) and neither Mr Wilson nor Mr Chapman have been called to give oral evidence or be cross-examined. The only common ground is the existence of Evesham Motorcycles and that company's then interest in the Royal Enfield marks. On that basis I do not need to go into further detail about Mr Holder's reply evidence. I do not intend to place any weight on Mr Wilson's comments in view of the apparently contradictory positions he has taken.

40 That concludes my review of the evidence.

45 Before considering the two remaining and substantive grounds of attack I should say by way of general comment that the problems faced by the UK motorcycle manufacturing industry in the 1960s is well known. The video exhibited to Eicher's evidence (RN/BAV-5 and RN-4) bears witness to the many well known domestic marques that existed before imported machines took over the mainstream market. The British marques and manufacturing industry

did not, however, expire completely. There have been various attempts to revive production of some of the old machines (Triumph being one example) and, of course, there has remained a residual band of enthusiasts and collectors who continue to maintain and ride bikes produced many years ago. With them comes a small but steady demand for spare and replacement parts. Against that background it is not altogether surprising that a number of cases have come before Registry hearing officers over the years involving disputes as to ownership, devolution of title, revival of rights, establishments of new rights etc. This is one such case.

Mr Edenborough put his case primarily on the basis of Section 5(4)(a) and the law of passing off with Section 3(6) as a subsidiary point. That seems to me to be a realistic approach to the matter. I, therefore, intend to deal with Section 5(4)(a) first. The section reads 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)

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.”

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in Reckitt and Colman Products Ltd -v- Borden Inc (1990) RPC 341 and Erven Warnink BV -v-J Townend & Sons (Hull) Ltd (1979) ACT 731 is (with footnoted omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number.

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature.
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff, and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition

or as if the words used by the House constitute an exhaustive literal definition of ‘passing off’, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

5 Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

10 “To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

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- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of person; and
 - (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

20 While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

25 In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- 30 (b) the closeness or otherwise of the respective fields or activity in which the plaintiff and defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
- 35 (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- 40 (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

The case for Mr Holder having goodwill in the mark ROYAL ENFIELD was put on two bases - firstly that the evidence showed he (or rather his father originally) had acquired the rights to the name from Enfield Precision Engineers Ltd; in the alternative if I was not
45 satisfied as to devolution of title and goodwill on that basis then it is said that Mr Holder, and

his father and mother before him, had generated (new) goodwill by virtue of the activities conducted since 1971. I see some difficulty with the first of these propositions that is to say that Mr Holder senior had acquired the mark from Enfield Precision Engineers Ltd. My reasons for this can be summarised as follows:

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- the documentary evidence on the subject is very limited (see also below) and does not deal explicitly with whatever intellectual property rights may have subsisted
 - 10 - Enfield Cycle Company Ltd, which, presumably did enjoy common law rights (at least) in ROYAL ENFIELD, is said to have been split in 1966/7 between Enfield Precision Engineers Ltd and Veloce Ltd with the former producing twin cylinder motor cycles and the latter single cylinder motor cycles. There is no indication as to how any trade mark rights or goodwill were dealt with at that point
 - 15 - Enfield Cycle Company itself appears to have continued in existence until the early 1970s and may have retained whatever rights existed until its demise
 - 20 - the assets of Veloce Ltd went through another change of ownership (the purchase by CC Cooper Ltd) before eventually being sold to Mr Holder's father
 - 25 - there is thus no clear and undisputed process by which the trade mark rights of the Enfield Cycle Company were handed down
 - even had I been prepared to accept that Enfield Precision Engineers were in a position to dispose of the mark ROYAL ENFIELD to Mr Holder senior the only real documentation on the matter (the letter of 17 March 1971 to DMH 3) falls some way short of confirming that it happened. The letter merely refers to "acceptance of your offer of £7,500 for our motor cycle spares activity". Although Mr Edenborough suggested that this letter was effectively a transfer of the whole of the business (including goodwill, trade mark rights etc) I do not think I can safely make such an inference
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 - 35 **S** whilst "The Story of Royal Enfield Motor Cycles" by Peter Hartley (DMH 4) does say that "Matt Holder's Aerco concern retains the rights to that trade name" (meaning ROYAL ENFIELD) I cannot place any reliance on the comment. The basis for the statement is not explained and the book itself was not published until 1981, some time after the event. Comments in the clippings and book extracts at DMH 5 (in relation to the purchase of Veloce Ltd's assets) also serve to demonstrate that the trade press often has a very imprecise understanding of the details of such transactions (particularly the implications for intellectual property rights).
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My above finding is not in itself fatal to Mr Holder's cause because it is still possible that he himself (and previously his father and mother) had built up an independent goodwill in a

business which has ROYAL ENFIELD as its distinguishing feature. I, therefore, go on to consider the evidence and submissions on this point.

5 Both Counsel took me to the evidence in relation to use by the Velocette Motor Cycle Company (VMCC) from the early 1970s onwards. An indication of the level of trade, at least from 1985 onwards, is given in the evidence summary and I do not need to repeat it here. Mrs Heal made two general criticisms of this evidence in addition to her principal submission that this use did not establish goodwill in relation to the name ROYAL ENFIELD. Her first criticism was in relation to the lack of particularisation in the turnover figures quoted and the failure of the VMCC accountant to clarify or confirm the 20 per cent of (VMCC) turnover figure attributed to goods sold under the ROYAL ENFIELD mark (See Mr Holder's first declaration). Mr Edenborough on the other hand pointed to the volume of sales evidenced by the early May 1989 invoices as an indication of the level of trade and that 20 per cent is said to be an 'at least' figure. The evidence is not above criticism but I am inclined to accept Mr Holder's figures at face value.

20 Mrs Heal's second point was that Mr Holder senior's business came to an end when he died and was not transferred to his wife or, through her, to his son. In effect it is suggested that each member of the Holder family was starting business from scratch and having to build up their own goodwill and without being able to rely on previously established goodwill. The import of accepting that state of affairs would be that I could only take into account evidence of use from 1986 onwards this being the date from which Mr Holder junior (the declarant in these proceedings) has traded in partnership with his wife. I would also need to set aside use between the early 1970s and 1986 when Mr Holder's father and mother carried on the business.

30 It seems from the evidence that the business has always been conducted in the name of VMCC (previously Aerco Jig and Tool Company). Quite how that company was constituted is not clear and the challenge at the hearing had not, I think, been foreshadowed in the evidence and so gave no opportunity for a fully documented response. In the absence of other explanation I assume that Mr Holder senior was a sole trader trading under the name Velocette Motor Cycle Company and his wife likewise. I note that the evidence refers to VMCC acquiring the Enfield Precision spare parts business rather than Mr Holder senior in a personal capacity. In any event the unchallenged evidence is that the whole of the business and assets of VMCC were transferred to Mr Holder seniors' wife and later to his son (who then traded in partnership with his wife). As goodwill is a transferable asset I have no reason to suppose that Mr Holder junior could not rely on any goodwill that had been built up since the early 1970s. In short I am not persuaded that these particular criticisms in themselves undermine Mr Holder's position.

40 This brings me to what I regard as the nub of the case namely the nature of the trade in ROYAL ENFIELD spares and the distinguishing feature by which that trade was known and under which any goodwill subsisted.

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For ease of reference I have annexed an example of the sort of invoice issued during the course of trade. It is said to be typical of such invoices. This particular one relates to sales made in May 1989 and along with other such invoices was particularly relied upon by Mr Edenborough.

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Mrs Heal's position in relation to this trade was that carrying on a business in the sale of spare parts does not necessarily or of itself give rights in any trade marks that are used. As a general proposition there is of course some force in that argument. To take an obvious analogy a garage that services or repairs particular brands of cars will need to advertise itself by reference to those brands. But such activity does not give the garage any proprietary interest in the brands or goodwill relating thereto (the latter being likely to reside in the car manufacturers themselves).

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Is the position any different in the circumstances before me where a business called The Velocette Motor Cycle Company has been selling ROYAL ENFIELD spares? It seems to me that the circumstances can be distinguished in two main respects. Firstly the motor cycle manufacturing business in which goodwill in ROYAL ENFIELD was previously vested and whose products the residual spares business is aimed at has ceased to exist. Secondly, as Mr Edenborough pointed out, Mr Holder's business was not simply that of retailing spare parts but also the manufacture of those parts. He was potentially at least in a somewhat stronger position than a garage servicing well known brands of cars in my above example. There nevertheless remains the position of how the business represented itself to the outside world and how the relevant public is likely to have viewed that business. I, therefore, need to look at what the evidence as a whole (invoice evidence, spares listings, journalistic comment etc.) suggests is the position.

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A good deal of evidence has been filed in these proceedings in the form of press clippings and books about classic motorcycles some of them representing contemporaneous views others retrospective comment and analysis. Both Counsel, I think, accepted that there are difficulties in relying to too great an extent on such material. I have already commented on the imprecision and probable lack of understanding in the press comment relating to Mr Holder senior's purchase of assets from Enfield Precision Engineers. That imprecision reflects the fact that the authors of the articles are by the nature of their trade motor cycle journalists or enthusiasts rather than experts in contract law or intellectual property rights. Even so I do not find in the contemporaneous material any widespread belief or understanding that VMCC was anything other than a provider of ROYAL ENFIELD spares as distinct from having rights in the name.

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The other evidence in support of Mr Holder's claim can principally be found in DMH 9 to 11 exhibited to his first declaration and DMH 1 exhibited to his third declaration. I have given careful consideration to this material and agree with Mrs Heal that it shows a trade being conducted under the Velocette or Velocette Motor Cycle name. It is true that the badges and labels at DMH 10, for instance, carry the ROYAL ENFIELD name but of necessity a replacement petrol tank badge, say, for a ROYAL ENFIELD motor cycle has to carry the

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ROYAL ENFIELD name. The technical drawings and specifications to produce such items were, I think, derived from Enfield Cycle Company (via Enfield Precision Engineers) - see the material at DMH 1(d) and (e).

5 Mr Holder himself says in his first declaration:

10 "Since the acquisitions detailed above of both parts of the former Enfield Cycle business, VMCC has become well known in the United Kingdom for the production and sale of spare parts and replacement parts for all ROYAL ENFIELD motor cycles (hereinafter referred to as "the Goods"), and has acquired a substantial reputation therefor."

15 Although he was not intending to make any admission in that statement it gives some insight into what I consider to be the true position namely that Mr Holder's business was and is known as Velocette or Velocette Motor Cycle Company. The goodwill thus generated accrues under that name. I see nothing in the nature of the trade that would have led enquirers or customers to think that Mr Holder's business was being conducted under the name ROYAL ENFIELD. That is a quite separate matter from the fact that he was carrying on a trade in ROYAL ENFIELD spares as part of the Velocette business. As Mr Holder acknowledges, 20 the business was not advertised in the normal way being aimed as it was at a specialist market. The invoices are, however, indicative of the public face of the business and strongly indicate the name by which that business would be known.

25 I make no comment on whether Mr Holder (or his father and mother before him) would have been able to represent the business as one being conducted under the ROYAL ENFIELD banner. It is merely that on my reading of the available evidence it was not so conducted. On that basis Mr Holder cannot claim the goodwill necessary to found an action under Section 5(4)(a).

30 In the light of my above findings I do not need to consider the issues of misrepresentation and damage in detail but there is one aspect on which I should briefly comment because it was the subject of lengthy submission before me and has a bearing on the question of misrepresentation.

35 Mr Narayan's declaration exhibited at RN/BAV-5 a copy of a statutory declaration filed at the examination stage in respect of, inter alia, No1514064 (the registration now under attack). In that declaration Mr Narayan on behalf of Bavanar products (Enfield India's UK distributor) claimed use of various marks from 1987/88.

40 Mr Edenborough took me in detail to press material which suggested that the use which had been made was of ENFIELD and not ROYAL ENFIELD and that such use was differentiated in the trade. He contended that this was an important point of distinction. Use of ROYAL ENFIELD would thus be a misrepresentation. Mrs Heal's response was that this was not indicative of the fact that the Indian company did not feel they had rights in ROYAL 45 ENFIELD rather the motor cycles were simply referred to as ENFIELDs. I accept Mr Edenborough's interpretation of the facts and the press coverage relating to Bavanar/Enfield India's use in the UK. I am more inclined to accept the trade press' view on matters to do

with names by which products were known and distinguished than on quasi legal issues such as ownership of trade marks and devolution of title thereof. In any case Mr Narayan's declaration at RN/BAV-5 (paragraph 21) appears to confirm that use of ROYAL ENFIELD was only being contemplated as late as January 1994. It follows that if I am wrong in relation to the goodwill issue it would follow that misrepresentation and damage would in that event arise if the Indian Company were to use ROYAL ENFIELD as opposed to ENFIELD solus.

For the sake of completeness I should also record an alternative view of the matter put to me by Mrs Heal. She encapsulated the point as follows in her skeleton argument

“The true position is that goodwill of the business in ROYAL ENFIELD and BULLET has vested and remains in BPL [Bavanar Products]. ECC [Enfield Cycle Co] assigned the goodwill in the trade marks to Enfield India in 1956 when it set up a plant to build motorcycles in Madras. When ECC went out of business in June 1972, the goodwill of the business passed to Enfield India by de facto assumption. In this case it happened by consent, or at the very least by passing off going unrestrained. As Wadlow states:

‘If succession is by consent, then it may be reasonable to infer an assignment of the goodwill in the old business’ ”

It will be remembered that the Indian operation commenced life as Madras Motors Ltd selling imported Enfield Cycle motor cycles. After a while a specific assembly plant was set up and eventually the capacity existed for full production of motor bikes in India. At that point a separate company was established called Enfield India Ltd. This was a public limited company with a majority shareholding held by the original importers of motor bike kits. It seems that there was still a close link between the Indian company and Enfield Cycle (see the shareholding link referred to in Mr Narayan's evidence) but the English company was not in a position to exercise overall corporate control. Whether formal distributorship, licensing or manufacture under license arrangements ever existed between the companies is not clear. It was Mrs Heal's submission that when Enfield Cycle went out of business in 1972 there was a de facto assumption of goodwill by Enfield India (presumably in the absence of any other claimant). If I have correctly understood her line of argument she went further than this and suggested that any use by Mr Holder would have had the effect of keeping alive the reputation in ROYAL ENFIELD bikes in the UK. This reputation it is argued was further kept alive by Enfield India's own activity in the UK market after 1970. The evidence for this is thin but I was referred to a passage in RN-2 (an exhibit entitled 'Brief History of Royal Enfield') which forms part of Mr Narayan's evidence in support of No 1514064 at the application stage.

“The late 70's and early 80's saw Indian made Enfield Bullet 350 cc Singles arriving in UK in small quantities. Imports being handled by two separate companies in succession. The second importer even attempted exporting some of these machines with the Royal Enfield name. By mid 80's these attempts to import Indian built Enfields ceased due to lack of interest and low intake until 1986 when Bavanar Products came into the scene.”

The full passage from Wadlows from which Mrs Heal's above quotation is taken reads as follows

“De facto assumption “adverse possession”

5 2.78 It may happen that what appears to be one continuous business has in fact been
carried on by two or more unconnected persons in succession. This may
happen by agreement, by coincidence, or as a result of passing-off going
unrestrained. If the succession is by consent, then it may be reasonable to infer
10 an assignment of the goodwill in the old business. If not, then although there
appears to be no express authority, there is no reason to believe that any
surviving goodwill of the old business accrues to the new. The new business
may generate goodwill of its own, but the goodwill of the old business is simply
extinguished.”

15 There are a number of difficulties in applying the principle Mrs Heal would have me accept to
the facts of the case before me

20 - there is no explicit consent for Enfield India's activities in this country before or
after the demise of Enfield Cycle Company. To suggest that Enfield Cycle assigned
goodwill to Enfield India in 1956 is highly improbable given that the English firm
was still an active and successful one at this point in time.

25 - it is not suggested that Enfield India approached Enfield Cycle or its
liquidator/receiver to acquire the business.

- on the available evidence a distinction was drawn in the UK trade (at least in the
1970s and 1980s) between ROYAL ENFIELD and ENFIELD. The Indian company
appears only to have used ENFIELD (or BULLET) up until 1995/6

30 - the full text from Wadlow suggests that in the absence of consent there is no reason
to suppose that any surviving goodwill would accrue to the new business (but the
latter can of course generate its own goodwill)

35 - more generally it seems to me that the law is not so settled or fully tested in this
area that I can confidently accept Mrs Heal's line (the footnoted cases in Wadlow's
do not appear to be analogous to the circumstances before me or to provide a clear
line of authority I can follow).

40 Strictly I do not need to reach a formal view on any rival claim Eicher (as successors to
Enfield India) might have as result of de facto assumption of goodwill or even (given my
above findings) what goodwill of their own they have generated. However had I been
required to take a view on whether in the circumstances rights had been acquired by passing
off going unrestrained I consider that I should be slow to accept Mrs Heal's submissions.

45

The consolidated actions have failed under Section 5(4)(a) but there remains the ground based on Section 3(6) which reads

5 “(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

The point at issue is a fairly short one and rests on a passage in Exhibit DMH14, a letter from Pinsent & Co, Solicitors, to Mr Holder on 22 November 1989. The most relevant part reads

10 “‘It seems, therefore, that neither Enfield India nor any UK distributor of their motorcycles has applied to register ENFIELD or ROYAL ENFIELD. I understand from you that Evesham Motorcycles disappeared from the scene some time ago but Enfield India’s motorcycles are still being sold in this country but only under the mark ENFIELD. Enfield India asked you some two or three months ago if you would be
15 interested in selling your rights to the mark ROYAL ENFIELD to them”

On the basis of this letter Mr Edenborough submitted that Enfield India were acknowledging that Mr Holder had trade mark rights in ROYAL ENFIELD and that Bavanar, in whose name the applications were filed, were seeking registration in the face of a known existing right. In
20 his evidence in response to the point Mr Narayan says that “To the best of my knowledge all trade marks formally registered in the name of Enfield Cycle Company were allowed to lapse in the 1970's. I did not approach Mr Holder in 1989 as claimed in his statement”. I do not think that Mr Narayan was setting out to be deliberately evasive but the last sentence of his response does not in my view address the issue raised. Mr Narayan is Managing Director of
25 Bavanar Products, Enfield India/Eicher’s UK distributor. The letter from Pinsent & Co refers to an approach from Enfield India and not Bavanar . Even so Mrs Heal was right to suggest that comment from a firm of solicitors reporting back their client’s own account of what is said to have happened is a thin basis for a claim of bad faith. One might have expected an approach regarding a possible purchase of trade mark rights to have been in the form of a
30 letter. But no such letter is offered in evidence to substantiate the claimed approach by Enfield India. Nor is there any contemporaneous record from Pinsent & Co recording the details of the expression of interest that Mr Holder is said to have reported to them.

But even assuming an approach was made it is not in my view evidence that the applications
35 were made in bad faith (the basis of the objection as set out in the statement of grounds). Whatever approach was made to Mr Holder took place in 1989, that is to say at about the time that Bavanar was appointed as UK distributor. That appointment appears to have given some impetus to UK sales. Bavanar/Enfield India were therefore turning their thoughts to trade mark protection in the UK market. But it was not until 26 September 1992 that No
40 1514064 was filed (and No2031741 was not filed until 26 August 1995). Mr Narayan says that a trade mark search was undertaken to identify any existing marks that might prove a bar to registration. He exhibits a copy of the search report (RN/BAV-4). The report threw up an application in Mr Holder’s name but by that time Bavanar felt that they could rely on their use since 1987/88. The only criticism I would offer of their position is that it probably failed to
45 fully distinguish between use of ENFIELD and ROYAL ENFIELD. However Bavanar/Enfield India could also with some justification point to the fact that they had been trading under an ENFIELD mark for a number of years without any action being taken against

5 them. They might reasonably have assumed that Mr Holder (or any other trader for that matter) was either unconcerned about their activities or did not feel he was in a position to restrain their use. Making the best I can of the information available to me I am not persuaded that the applications were filed in bad faith. Bavanar (the applicants at the time) were not acting dishonestly or exhibiting behaviour which fell short of the normal standards of acceptable commercial behaviour (see Gromax 1999 RPC 367 at page 379).

10 The consolidated actions have thus failed. The registered proprietors/applicants are entitled to a contribution towards their costs. I order the applicants for invalidity/opponents to pay Eicher Ltd the sum of £770 in respect of the consolidated proceedings. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

15 **Dated this 21 day of July 2000**

20 **M REYNOLDS**
For the Registrar
the Comptroller General



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				192	97
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