

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NUMBER 10043
FOR REVOCATION OF TRADE MARK
NUMBER 1158426 IN THE NAME OF
FLASHPOINT INTERNATIONAL LIMITED**

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Background

Trade mark registration No. 1158426 is in respect of the mark FLASHPOINT and is registered in Class 9 for a specification of:

Electrical apparatus and instruments; insulated electrical wire and electrical cable; electrical connectors; electrical plugs and electric sockets; electric switches; parts included in Class 9 of all the aforesaid goods; but not including electrical apparatus for use in igniting vapours.

The registration currently stands in the name of Flashpoint International Limited.

By an application dated 4 March 1998, Flashpoint Technology Limited applied for the registration to be revoked under the provisions of Section 46(1)(a) on the basis that there had only been limited use of the trade mark.

The registered proprietors filed a Counterstatement in which they deny that there is any justification for the application for revocation of the registration and that the proprietor is clearly entitled to the continuing protection of its trade mark in relation to all the goods for which it is registered.

Both sides filed evidence and following the completion of the evidence rounds the registered proprietors requested that they be allowed to cross examine Sukhbinder Sing Rayat and Surinder Panesar, both of whom had sworn Affidavits in support of the application for revocation. The request was resisted by the applicants and refused by the registrar. The registered proprietors requested to be heard on the matter and a hearing was appointed for 24 March 2000, but prior to the date set for the hearing, they requested a postponement of one month to allow settlement negotiations to continue.

On 8 March 2000 the applicants subsequently withdrew the application, the reason given being that as a result of an internal reorganisation, the applicants would no longer be using the trade mark FLASHPOINT. Following the withdrawal the agents representing the registered proprietors wrote to the registrar, alleging that the proceedings had been vexatious and requesting that actual costs to the amount of £74,872.72 be awarded to the registered proprietors. The applicants denied this allegation and referred to an action in the High Court in which they had been successful and awarded costs.

After giving the usual consideration to the facts and circumstances of the case, the Comptroller saw no reason to depart from the usual scale of costs and made an award of £435 in costs to the registered proprietors. This was considered unacceptable by the registered proprietors who requested to be heard on the matter. They also filed a revised schedule of costs reducing the amount claimed to £32,037.02.

The hearing subsequently took place on 25 April 2001, Mr Ian Starr and Ms Nicola Shackleton of Page White & Farrer represented the applicants for revocation, Mr Lyons (senior) represented the registered proprietors. At the hearing I reserved my decision which was subsequently communicated to the parties in the official letter of 31 May 2001, copy attached. The decision rejected the request by the registered proprietors but increased the award to £735 to reflect the quantity of evidence filed. The registered proprietors subsequently filed a Form TM5 requesting a statement of the grounds, which I now give in this decision.

Decision

In their correspondence prior to the interlocutory hearing, the registered proprietors made general reference to the work undertaken in preparing and processing evidence and assertions about the actions of the applicants for revocation, claiming both constitute grounds warranting an exceptional award of costs. In a statement filed with the form TM5 the registered proprietors reiterated the reasons why they considered the increase in the award of costs to be justified and made the following comments on the decision issued following the interlocutory hearing:

1. It is well established in common law practice and in all courts in the United Kingdom that any party bringing an action and then subsequently withdrawing after having caused substantial costs to the other party by way of such action is in law held wholly liable to the other party for costs up to and beyond the date of withdrawing the said action.
2. That the Rizla Ltd precedent (1993 RPC 365) quoted by the registrar does not apply in these circumstances due to the fact that Anthony Watson QC sitting as a Deputy High Court Judge of the High Court did not in that case have before him for perusal an assessment the following evidence:
 - S A fraudulent application for revocation by a dormant company.
 - S Fraudulent evidence by way of Affidavit lodged by the said applicant for revocation in support of its action.
 - S That had Anthony Watson QC had this evidence before him at that time then the case for exceptional circumstances for full costs would have been made out and granted due to the bad faith shown by the applicant for revocation.
 - S That the schedule of costs laid down by parliament in relation to costs by registrars in the trade marks registry only apply in matters where applicants for revocation do not withdraw from the said proceedings and are acting in good faith.

It is well established that in proceedings before the Comptroller, costs are awarded by reference to a standard published scale and are intended to represent a contribution rather than to be full compensation for the actual costs incurred by the successful party. This provides access to a low cost tribunal for all litigants and a degree of predictability as to how much the proceedings, if properly pursued, may cost. However, the Comptroller is not bound so as to only be able to make an award within the scope of the scale. In the Rizla case, Anthony Watson QC sitting as a Deputy Judge of the High Court stated that the Act conferred on the Comptroller a very wide discretion with no fetter other than in making an award of costs she must act judicially, and that in deciding whether an award beyond the scale of costs was appropriate, the question to be asked is whether the conduct of the losing party constituted such exceptional circumstances that a standard award would be unreasonable.

The position is, therefore, that in making an award of costs the Comptroller will adhere to the published scale, but where she considers that the particular facts of the case are such that an award on this basis would not be just, she has the power to make a higher award but in doing so must be fair, and the amount of the award proportionate to the circumstances. Accordingly, each case will be decided and turn on its own particular facts. The withdrawal of a party during the course of the proceedings will be assessed on the same basis as if the proceedings had run their full course, with an award from the scale taking into account factors such as the stage reached and the extent of the evidence filed, but may result in a higher award if, in the light of the facts, this is considered reasonable.

The registered proprietors make three specific complaints; that the applicant for revocation is a dormant company and that the application and also the Affidavits of Sukhbinder Sing Rayat and Surinder Panesar were fraudulently made.

The question of the applicants being a dormant company is related to the allegations concerning the Affidavits of Messrs Rayat and Panesar. Mr Panesar attests to his company, Panrix Electronix Limited, as having purchased £2,000,000 of components over a four year period, presumably to June 1998, a period in which Flashpoint Technology Limited is said to have been dormant, the inference being that the sales could not, therefore, have taken place.

It is clear from exhibits MCL26 and MCL27 that Flashpoint Technology Limited were not trading other than as an agent for Macro Marketing Limited. The Affidavit by Sukhbinder Sing Rayat confirms Flashpoint Technology Limited to be a division of Macro Marketing Limited and acting as an undisclosed agent but with its own identity. Mr Ryat explains that orders were placed with his company but due to restrictions in the information technology, invoices were issued by Macro Marketing Limited. This relationship appears to be confirmed by the invoice shown as exhibit SSR3 which contains a reference to MACRO,FLASHPOINT. Although Mr Ryat does not say so, given these circumstances it would not be unreasonable to assume that the turnover would be attributed to the company issuing the invoices and not Flashpoint Technology Limited which may account for the non-trading references in exhibits MCL26 and MCL27.

I am not in a position to say what conclusions Anthony Watson QC would have reached based on the facts of this particular case, but in my view the evidence shows the applicants to be a company that is active, albeit as an agent or division of another. Whether or not the applicants have been trading, there is no evidence to substantiate that in making the application for

revocation they were acting fraudulently or that the application was in any way vexatious. Nor is there any evidence which clearly substantiates the allegations of fraud against Messrs Ryat and Panesar.

Turning again to the evidence. In an application for revocation based on an allegation that a trade mark has not been used in relation to all, or any of the goods or services for which it is registered, Section 100 of the Trade Marks Act 1994 places the onus to show the use that has been made fairly and squarely upon the shoulders of the owner of the trade mark. That section reads as follows:

100. If in any proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.

It is also clear from the comments of Pumfrey J in *Decon Laboratories v Fred Baker Scientific* (2001 RPC 293) that the activities of the applicants for revocation is largely irrelevant. In that case, Pumfrey J said:

“The fact of non-use has in itself nothing to do with the defendant, and the defendant’s activities, or lack of them, are prima facie irrelevant unless, I suppose, it can be shown that the defendant has himself created a reputation in respect of a class of goods for which the claimant has not used the mark.”

There is a considerable amount of evidence in these proceedings, much of it copies of documents prepared for, and filed in the High Court proceedings, a fact acknowledged by the registered proprietor’s own representatives in a letter dated 8 October 1998 in which they say:

“Our client has of course filed evidence in duplicate (ie, in relation to the Court action and in respect of the separate revocation action)”

A substantial part of the registered proprietor’s remaining evidence is either targeted at the use the applicant’s claim to have made of their mark or is a generalised statement about their own use or reputation with little or no corroborative evidence. Without judging the substantive issues I have the following observations:

1. Statutory Declaration dated 8 June 1998 by Michael Charles Lyons, Senior

Paragraphs 1 gives details of the status of the Declarant and the source of the facts, paragraph 2 sets out details of the registration for which revocation is sought, and paragraph 3 comments on the scope of the revocation. Paragraphs 4 through to 9 set out in general terms the extent of the use claimed and introduces exhibits MCL.Rev-1 to MCL.Rev-16 which consist of samples of literature, promotional materials and samples of the goods. In my view all of this information and the materials exhibited would be readily available, and insofar as they show use, do so in respect of goods that are not in dispute, namely, automotive components.

Paragraph 10 refers to the High Court proceedings brought by the registered proprietors

(and others) against the applicants for revocation, and introduces exhibit MCL.Rev-17 which consists of documents filed in the Court proceedings. This information and the exhibit would have been readily available.

Paragraph 11 refers to the alleged dormant status of the applicant's company, an issue that I have already dealt with above.

Paragraph 12 denies that the application for revocation has any basis and makes general claims relating to the use substantiated by the evidence filed. The paragraph would have required very little work.

2. Statutory Declaration dated 19 January 1999 by Michael Charles Lyons, Senior

Paragraph 1 gives details of the status of the Declarant and the source of the facts, paragraph 2 sets out details of the registration for which revocation is sought. Paragraphs 3 and 4 comment on the vires and ability of Ms Nicola Shackleton to give evidence on behalf of the applicants for revocation. These paragraphs would have required little work, and in any event, have no bearing on the issues in these proceedings.

Paragraph 5 is a repetition of the question over the dormancy of the applicant's company and the use that they could have made of their trade mark, referring to exhibit MCL.A which consists of information relating to the applicant's company obtained from a database. These issues have already been addressed and are in any event irrelevant. As little more than opinion this paragraph would have required little work and the exhibit would have been readily available.

Paragraph 6 questions the status of Sukhbinder Singh Ryat, a Director and General Manager of the applicant's company but is little more than opinion requiring little work.

Paragraph 7 makes the comment that the evidence filed by the applicants does not address the use that the proprietor has made of the mark. This paragraph clearly adds nothing and is irrelevant.

Paragraphs 8 and 9 refer again to the alleged dormant status of the applicant's company, its relationship with Macro Marketing Limited, and challenge the Affidavit by Mr Panesar relating to the purchases that he claims his company, Panrix Electronix Limited, made from the applicant's company. The paragraph refers to exhibit MCL.B which consists of details of Mr Panesar's company. Although some work would have been expended in gathering the information, in view of Section 100 and the comments in the Deacon case it is irrelevant.

Paragraph 10 refers to the proceedings in the High Court, commenting on the applicant's "historical" connection with the automotive industry and questioning the veracity of the applicant's evidence. Collating this information would have required little work and is in any event irrelevant.

Paragraph 11 challenges the results of an investigation into the registered proprietor's

business commissioned by the applicant's representatives, and introduces exhibit MCL.E which consists primarily of pro-forma statements attesting to the individuals knowledge and business relationship with the registered proprietors, and refuting the claim that they have had any contact with the investigator engaged by the applicants. Whilst some work would have been involved in gathering the statements, they are vague on the use, leading in the information requested and have little evidential value in establishing use by the registered proprietors.

Paragraph 12 refers to the applicant's claimed dealings with Time Computers Limited and to the lack of invoices to corroborate. Little work would have been required in this paragraph and in view of Section 100 and the comments in the Deacon case is, in any event, irrelevant.

Paragraph 13 is an opinion on the alleged dormancy of the applicant's company.

Paragraph 14 consists of the history of the registration under attack, makes general claims to the use that the registered proprietors have made of the mark, referring to licensing arrangements. The paragraph is lacking in detail and there is no corroborative evidence and as such is of little evidential value in establishing use by the registered proprietors. This paragraph would have required little work.

Paragraph 15 addresses the question of there being an overlap in the respective fields of business, irrelevant in the context of these proceedings, and makes general claims to use in relation to a wide range of electrical and electronic components referring to exhibit MCL.F which consists of undated extracts from their internet web site, and MCL.G consisting of two letters referring to sales of FLASHPOINT spark plugs, autolamps, halogen lamps and "other autoparts". The exhibits would have been easily obtained and in the case of the letters are so general so as to be of little evidential value, and in any event, concern goods which the statement of case acknowledges are not in issue.

Paragraph 16 comments on the substance of the applicant's case and makes general claims in respect of use of the mark but with no further evidence to support so add little or nothing to the case and would have required little work.

Paragraphs 17 and 18 refer to the filing of Statutory Declarations by Trevor Leader and Francesco Costa Sanseverino. The paragraph would have required little work but in any event, add nothing to the case.

Paragraphs 19 and 20 repeat statements made in Mr Lyon's earlier Declaration, being opinion on the adequacy of the applicant's case and general claims to use with no further evidence to support. Would have required little work and add nothing to the case.

3. Statutory Declaration dated 12 January 1999 by Trevor William Leader. All of the facts contained within the Declaration are stated to come from the knowledge of the Declarant with and would have required little in the way of work to compile.

Paragraphs 1 to 5 give details of the Declarant, confirm the source of the facts contained

in the Declaration and confirm the history of the Declarant's business relationship with Mr Lyons and Flashpoint Limited which revolves around the manufacture and supply of spark plugs. The question of use in respect of spark plugs is not in issue in these proceedings.

Paragraph 6 refers to extension of a licensing arrangement into industrial ceramics and electrical components for export sales within the European Union. There is no evidence to support the statements which are so lacking in detail as to be of little evidential value.

Paragraph 7 recounts Mr Leader's becoming a Director of the registered proprietor's company and has no evidential value in establishing use of the mark.

Paragraphs 7 & 8 relate to the filing of patents for electrical components. There is no evidence to support the statements which are so lacking in detail as to be of little evidential value.

Paragraphs 10 and 11 refer to Mr Leader's work history, to his having known Mr Lyons for some 21 years and his knowledge of the use of FLASHPOINT, stating that to his knowledge only Mr Lyons has used the trade mark in relation to spark plugs and electrical and electronic components. There is no evidence to support the statements which are so lacking in detail as to be of little evidential value in establishing use of the mark.

Paragraph 12 states that Mr Leader considers the brand name FLASHPOINT to have achieved a market reputation, although does not say on what basis he gives this opinion.

4. Statutory Declaration dated 14 January 1999 by Francesco Costa Sanseverino di Bisignano: The Declaration appears to be a statement of facts from the knowledge of the Declarant and would have required little in the way of work to compile.

Paragraphs 1 to 3 give the history of Mr di Bisignano's businesses and their relationship with Mr Lyons and the registered proprietor's Flashpoint companies, referring to spark plugs and electrical components. There is no evidence to support the statements which are so lacking in detail as to be of little evidential value in establishing use of the mark.

Paragraphs 6 to 9 give details of Mr di Bisignano's involvement with the European Union, and to work undertaken by the registered proprietors to establish a manufacturing, research and development facility in Calabria. He states that this involvement ceased as a result of the High Court action and revocation proceedings in the Trade Marks Registry and a dormant, non trading company using the FLASHPOINT name. These paragraphs do not establish use of the mark.

5. Statutory Declaration dated 5 February 1999 by David George Minto:

Paragraph 1 gives details of Mr Minto's experience as a trade mark attorney, his involvement in these proceedings and the source of the facts contained in his Declaration. This paragraph has no evidential value in establishing use of the mark and would have required little effort in its completion.

Paragraph 2 refers to Mr Minto's reservations as to the veracity and reliability of the applicant's evidence. The paragraph has no evidential value in establishing use of the mark and as opinion would have required little work.

Paragraphs 3 to 6 refer to the Affidavit of Mr Panesar in which he gives details of the business that his company, Panrix Electronix Limited is said to have transacted with the applicants for revocation, noting that company searches have revealed that the statements cannot have been accurate. Exhibit DGM1 is referred to which consists of an extract of the accounts for Panrix Electronix Limited stating the company as being dormant in the years ending 30 September 1994 and 1995. The information and exhibit would have been readily available and although casting doubt over the claims of Mr Panesar, in view of Section 100 and the comments in the Deacon case this information is irrelevant in establishing use of the registered trade mark.

Setting aside the evidence copied over from the High Court action, on my assessment I would say that much of the evidence prepared by the registered proprietors for the revocation proceedings is so general, uncorroborated, or irrelevant to the issues that it would have been of little assistance in determining the primary issue of this case, namely, have the registered proprietors used the mark, and if so, has this been in respect of all or some of the goods for which it is registered. Even setting aside my reservations on the adequacy of the evidence, I would say that the preparation and filing would not have required work to the extent that exceptional costs could be considered appropriate, and that the "upper scale" award made in my decision following the interlocutory hearing is reasonable for the circumstances.

The applicants for revocation also filed a significant amount of evidence, but again, much of it a repetition of the evidence filed in the High Court proceedings, and consequently, it should have already been familiar to the registered proprietors and their advisors. The evidence introduced in respect of the application for revocation is directed at disproving the use claimed by the registered proprietors, in particular, in relation to electronic computer components. It also alleges that some of the evidence filed by the registered proprietors may well be fabricated which would have been relatively easy to address yet much of what is said goes unanswered. Either way, I do not consider that assessing this evidence and preparing a focussed response would have necessitated an exceptional amount of work or expense.

Mr Ryat confirms the incorporation of Flashpoint Technology Limited in June 1994, and the evidence shows that the company has developed into a business of some substance. Exhibit SSR2 establishes that at in June 1994 the applicants were in the process of designing an appropriate logo incorporating FLASHPOINT. Although not trading as a separate entity, the trade name and mark have clearly been used in the course of trade and seem likely to have built an amount of goodwill and reputation for the applicants in an area which they believed the registered proprietors had not used the mark, but nonetheless had protection for by virtue of the extent of the registration. It therefore seems reasonable that they should legitimately wish to protect their perceived interests by trade mark registration.

Given the extensive use that the applicants appear to have made of their mark, I am somewhat surprised that they withdrew from the proceedings. It may well be that there has been a change

of the commercial focus of their company, but whatever the reason there is no evidence that they embarked on these proceedings with the sole aim of causing mischief.

Taking all of the above into account, I do not see how I find either the circumstances of this case to be “exceptional” or the conduct of the applicants in launching the proceedings to be vexatious or an abuse of process, and consequently, an award from the standard scale is in my view reasonable and justified.

Dated this 02 Day of November 2001

**Mike Foley
For the registrar
The Comptroller-General**