

**TRADE MARKS ACT 1994**

**IN THE MATTER OF Trade Mark Registration  
N<sup>o</sup>: 2212634 in the name of PMAP Limited**

**and**

**An Application under N<sup>o</sup>: 12148 for a Declaration of Invalidity  
by Manchester United Merchandising Limited**

1. The proprietors of registration N<sup>o</sup>: 2212643, THEATRE OF DREAMS, are PMAP Limited of 6A Cobham Terrace, Bean Road, Greenhithe, Kent, DA9 9HZ. The goods specified with the registration are:

‘Printed matter, stationery, greeting cards, wrapping papers, gift tags, invitation cards, announcement cards, place cards, pamphlets, books, magazines, newsletters, booklets, tickets, game cards, publications, pens and pencils, stencils, posters, programmes, photographs, albums, calendars, catalogues, credit cards, debit cards, periodicals, advertising and promotional printed material, packaging, banners, cut outs, promotional merchandise, travel guides, travel maps, tokens, scratch cards, lottery tickets, travel brochures, labels, loose-leaf binders, bookmarkers, playing cards, charts, table mats and coasters of paper, decalcomanias, paper flags, maps, placards, portraits, postcards, timetables and paper rosettes’.

All in Class 16. The mark was applied for on 27<sup>th</sup> October 1999.

2. On 15<sup>th</sup> December 2000, Manchester United Merchandising Limited applied for invalidation of the mark under s. 47(1) of the Act, alleging bad faith (s. 3(6)), and under s. 47(2), alleging an earlier right (s. 5(4)(a)). They are the proprietors of mark N<sup>o</sup>: 2069334:

Mark	Date (application)	Goods
THEATRE OF DREAMS	18/04/1996	Articles of outerclothing; articles of sports clothing; footwear; shirts; shorts; T-shirts; socks; sweatshirts; sweaters; hats and caps; headgear; scarves; jackets; dressing gowns; pyjamas; slippers; boxer shorts; baby boots; bibs; romper suits; baby sleep suits; dungarees; braces; wrist bands; track suits; ties.

3. A Counterstatement was provided by the registered proprietors (PMAP), in which the grounds are denied. Both parties ask for costs to be awarded in their favour.
4. The matter was to be heard on 15<sup>th</sup> November 2001. However, Marcus Baum, Solicitors, wrote stating that PMAP were in liquidation as from 6<sup>th</sup> November 2001, and would not be attending the hearing. In view of this, the applicants suggested that the hearing was no long necessary and a decision should be made from the papers submitted. I agreed.

## Evidence

5. The applicants enclose three Statutory Declarations: two by Ms. Andrea Murphy, their Trade Marks Manager, and one by Mr. Tom Howgate, their Licensing Manager. Their evidence is quite extensive. It remains unchallenged by PMAP, who submitted a detailed Counterstatement, but no evidence.
6. The applicants claim that the mark THEATRE OF DREAMS has been used as a reference to the football ground where Manchester United play their home games, that is, Old Trafford in Manchester. They say that ‘..the Opponent began to use THEATRE OF DREAMS as a Trade Mark realising its potential for marketing purposes’. This, apparently, culminated in the registration of the mark for clothing N<sup>o</sup> 2069334, shown above.
7. The opponents evidence of use of the mark is summarised as follows:
  - In Exhibits AM10 and AM11 THEATRE OF DREAMS is used on a wide variety of goods before the relevant date. I note the following products carry the mark: clothing (football shirts, pyjamas and shinpads), stationery, bags (backpacks, bumbags), bed linen, watches, pictures, money boxes, mugs, towels, t-shirts, videos and posters. The use on some of these products can only be described as a descriptive reference to Manchester United’s football ground, Old Trafford. An example of the latter is found in the Autumn/Winter 1999 catalogue in Exhibit AM11, page 50, depicting a poster of the ground. However, other use goes beyond this and, in my view, amount to more than just a descriptor, but an indicator of origin. Examples can be found on the stationery on page 23 in Exhibit AM10.
  - Ms Murphy states that the total cost price for all THEATRE OF DREAMS branded products in the period 1997 – 2001 was approximately £400,000.
  - There is more evidence enclosed in Exhibits AM1 to AM6 of Ms Murphy’s second Declaration. In my view, much of this is irrelevant, being either after 27<sup>th</sup> October 1999, merely a descriptive use of the name as a reference to the Manchester United Football ground or both. However, there are exceptions to this. For example, in Exhibit AM (Murphy, second Declaration), an article from the Guardian dated 19<sup>th</sup> June 1999 refers to ‘.. the “Theatre of Dreams” formula which includes the Red Café concept and retailing of the treble winning club’s replica kits and other products.’ There are other examples. Though these refer to activities outside the UK, it appears that the mark is accepted by the UK press as a indicium of trade by Manchester United football club, that is, as a trade mark.
1. The applicants submission of bad faith is based on the following, which I have taken from the above three Declarations.
  - A Mr. Andrew Fairbrass is a Director and/or Company Secretary common to the three Companies: Odell & Bate Ltd., PFS Merchandise Ltd. and PMAP Ltd. (See Exhibit AM1)

Mr. Fairbrass approached the applicants in 1998 to discuss the possibility of supplying them with ‘..posters and merchandising..’. (See letter from Odell & Bate Ltd., Exhibit AM2). This is confirmed in the Declaration of Mr. Howgate.

- Various items were duly supplied (see letters in Exhibit AM3, the list in Exhibit AM4 and the invoices in Exhibits AM6 to AM9).
- A list of posters the Register Proprietor supplied the applicants is faxed with a letter dated 16<sup>th</sup> December 1998 (Exhibit AM4). One of these is called (number 29), ‘Theatre of Dreams’. Further, the invoices in Exhibits AM6 to AM9, also contain references to products – postcards and posters - bearing the mark.
- The level of trade is not *de minimis*, running to £1000s before the date the mark in suite was applied for.
- In a letter dated 22 February 1999, Mr. Fairbrass informs the applicants that their account will now be handled by PFS Merchandise Ltd., but ‘Odell & Bate remains in place as the Parent Organisation..’. Apparently it was PFS that registered the mark in suite, then assigned to PMAP.

9. Ms Murphy states:

‘.. at the date of application No. 2212634 PFS Merchandise Ltd. through its Director Andrew Fairbrass was well aware of the brand THREATRE OF DREAMS and its connection to the Opponent and quite cynically usurped the name in bad faith knowing it to be the Opponents property. In the circumstances and bearing in mind the history of the matter, I would ask that application No. 2212634 be removed from the Register as being an application made in bad faith. In addition or in the alternative I would request that the registration be removed because of the Opponents earlier rights in the Trade Mark THEATRE OF DREAMS’.

### Decision

10. The relevant sections of the Act are:

‘47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

....

(2) The registration of a trade mark may be declared invalid on the ground:

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied, ..’

11. S 3(6) states:

‘A trade mark shall not be registered if or to the extent that the application is made in bad faith’.

This clause has its origins in Article 3(2)(d) of the Directive the Act implements (Council Directive No. 89/104/EEC of 21<sup>st</sup> December 1988):

‘Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that ...

(d) the application for registration of the trade mark was made in bad faith by the applicant.’

The Directive gives no more clue as to the meaning of ‘bad faith’ than the Act. Subsequent case law has avoided explicit definition, but not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

‘I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes 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. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.’

12. In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as ‘..to be equated with conscious impropriety.’ This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

‘In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others’ property.....The individual is expected to attain the standard which would be observed by an honest person placed in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is “guilty of commercially unacceptable conduct in the particular context involved”: see *Cowan de Groot Properties Ltd v Eagle Trust plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others’ rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt....Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.’

13. Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad

faith also describes business dealings which, though not actually dishonest, still fall short of the standards of acceptable commercial behaviour. This includes conduct that is not fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. Commenting on the passage from *Gromax* reproduced above, in *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person stated:

‘These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.’

14. The test for bad faith is (as it is for dishonesty) an objective one. The Hearing’s Officer in *Application N<sup>o</sup> 9914 for the invalidation of the trade mark AUTONET* (SIRIS O-257-00), dated 26<sup>th</sup> July 2000:

‘Mr. Edenborough accepted that the test could include an objective element, but in his submission, it is primarily a subjective test. Clearly, if the applicant can be shown to have known he was acting dishonestly a finding of bad faith is likely to follow. But there will be other cases where, on the basis of his own state of knowledge, values and standards, an applicant believes he is acting in good faith when most reasonable persons would disagree. It cannot be right for the matter to depend upon the morals and values of the applicant. The test must therefore include an objective assessment of the actions of the applicant in the light of the facts he or she was aware of at the time.’

And also in *Demon Ale* the Appointed Person stated:

‘I do not think that section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Philip Tan* [1995]2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.’

15. Turning now, to the present matter, Mr. Andrew Fairbrass was the managing director of Odell & Bate Ltd. and PFS Merchandise Ltd., and both traded with the applicants (Exhibit AM5). He approached them in 1998, seeking to supply posters and merchandising products, and did so, the trade amounting to thousands of pounds (see paragraph 8). It was PFS Merchandise Ltd. that originally applied for the mark in suit, which was subsequently assigned to PMAP. Previous to the approach by Mr. Fairbrass, there is evidence showing that the applicants had been trading under the name for a range of goods - including clothing, stationery bags jigsaws and bed linen (see paragraph 7 above and Exhibit AM10) - since at least 1996. Ms. Murphy also refers to other products (paragraph 6 of her first Declaration).
16. This background is hard to square with the following from PMAP’s Counterstatement, paragraph 5 (which is signed by Mr. Fairbrass):

‘There was no knowledge of prior ownership of the mark prior to registration as any associated company was not a supplier of goods subject to those covered by the applicants registration mark subject to category 25’.

17. This is not wholly clear, but I take to mean that PMAP did not know the applicants owned the mark for the goods at issue ‘..prior to [PMAP’s] registration..’ as no-one else supplied goods covered by their specification in Class 16. In view of the fact that the applicants had been selling such goods since, at least, 1996 – and Mr. Fairbrass’s company simply became another supplier of similar products in 1999 – this statement seems unlikely to be true.
18. I have reviewed the evidence of use of the mark by the applicants in paragraph 7 above, and it seems they enjoyed a goodwill under the mark for a range of goods, some of which were similar to those supplied by PMAP, well before the application date. PMAP appear to imply that the applicants had no rights under the name, the rights they did have resting elsewhere:

‘The .. statement of grounds for invalidity (section 2) - makes considerable reference to the activities of Manchester Utd. Football club and it’s association with Manchester United plc. This section and it’s content have no bearing on the Trademarks registration and are included merely as an attempt to influence the registrar with regard to a perceived reputation and goodwill associated with the registered trademark. When it is clear from the Applicants statement that any perceived goodwill is inherent in the name and corporate logos of Manchester United FC’.

On the evidence, this is clearly not the case. Further, as a ‘nick-name’ for the Manchester United Football ground, THEATRE OF DREAMS was well known before the applicants adopted it as a mark of trade (see paragraph 6 of Ms. Murphy’s first Declaration) – add to this the nature of the business Mr. Fairbrass was engaged in – for which material relating to sport, particularly football, played a significant part (see Exhibit AM3, and AM5 - ‘PFS’ in PFS Merchandise Ltd. stands for ‘Print for Sport’) – it seem all the more incredible that he was unaware of the applicants’ rights in the name. He was, at least, reckless in relation to those rights in choosing to register THEATRE OF DREAMS.

19. Certainly I cannot see how the supply to the applicants by PMAP created any rights that accrued to them, though they appear to claim this in their Counterstatement:

‘..design origination was solely the province of the suppliers not the applicant and that at no point were the suppliers instructed to use any other mark of the applicant other than that of the registered club crest, which is not the subject of these proceedings

20. It is possible that PMAP might be able to stake a claim to copyright in the design of certain of the products supplied to the applicants - there is no evidence one way or another – but it does not establish ownership of the mark in suit. Any such copyright would exist in the design itself, and create no right to trade marks used as a constituent parts thereof.
21. PMAP appear to have been nothing more than a supplier of goods carrying trade marks – including THEATRE OF DREAMS - for which the applicants had both registered and common law rights. Their supply of the goods in Class 16 (see Exhibit AM6) could never accrue to them property in the name, as it was not a trade under it - their trade names were Odell & Bate Ltd. and PFS Merchandise Ltd. Any trade under the mark on the products they produced was undertaken by the applicants, who would have been recipients of the goodwill engendered. A firm making Coca-Cola bottles on behalf of that company could never have rights in the name ‘Coca-Cola’.

22. Relevant to my considerations here is the following passage from the publication '*Notes on the Trade Marks Act 1994*' which was prepared for the use by Parliament during passage of the Bill. In relation to Section 3(6) the Notes read as follows:

'Subsection (6) declares that a trade mark is not registrable if the application for registration of the trade mark was made in bad faith. The provision does not attempt to indicate what is meant by "bad faith", thereby leaving it to the registrar or the courts to decide in a particular case what amounts to bad faith. Examples of circumstances where bad faith might be found are:

(i) where the applicant had no *bona fide* intention to use the mark, or intended to use it, but not for the whole range of goods and services listed in the application;

(ii) where the applicant was aware that someone else intends to use and/or register the mark, particularly where the applicant has a relationship, for example as employee or agent, with that other person, or where the applicant has copied a mark being used abroad with the intention of pre-empting the proprietor who intends to trade in the United Kingdom;

(iii) where the mark incorporates the name or image of a well-known person without his agreement. (This should not be taken as meaning that this provision is legislating for the protection of a personal name or reputation - these remain unprotected under English law, but the nexus between unregistrability and the name of a well-known person is that of the bad faith in which the application is made).'

The second point is very obviously germane to this case. It has to be stated that the *Notes* themselves do not have the force of law - and that the interpretation of an Act of Parliament is ultimately a matter for the Courts - but it is also the case that the *Notes* were prepared for use in Parliament while the Trade Marks Bill was before it, was thus in the contemplation of Parliament when the Bill was passed, and were intended to reflect the purpose and effect of the provisions of the Act.

23. It seems to me there is enough here, to conclude that PMAP acted in bad faith in applying for the mark in suit, and the application must succeed.
24. For completeness sake, I note that PMAP have not enclosed any evidence of their own, but their counterstatement, however, contains a number of statements of fact, assurances as to the production of supporting evidence and assertions. In particular, they state:

'In reply to the allegation of bad faith registration, it will be shown that we have acted properly in all dealings. With the registration of the mark and complied with all recognised procedures regarding it's registration and usage. We will demonstrate that our usage of the mark both planned and actual is not and can not be subject to any allegation of passing off. This will be demonstrated by the fact that the usage of the mark is associated with our product range and business usage that is not associated with the applicant. We will demonstrate that we are also the owners of a similar domain name planned for E - Commerce business launch later in 2001, again not associated with the applicant in any way. With regard to the accusation of common directorship of associated companies, we fail to see how this is any proof of a bad faith registration. Should the applicant proceed with it's invalidity application it will be demonstrated that the copyright in all designs

submitted by the companies noted by the applicant remained their own ...

Finally it will be demonstrated by the registrant that upon receipt of communication from the applicant and/or its agent that a demonstrable act of goodwill was made by the registrant in opening discussion on the usage of the mark. Without upset or interference to the applicants ongoing business dealings. It will also be shown that the contempt for these discussions and proposals that was made apparent by the applicants failure to even acknowledge the gestures made in these communications. This will demonstrate the registrants desire not to allegedly financially profit from registration at the applicants expense. Which it is indeed not our wish to do so.

In conclusion, the registrant will prove without fear of contradiction that the application was made in good faith and subject to all the laws and rules of Trademark registration and that the applicant has at no time shown prior objection to the registration of the mark'.

25. There are a number of points made here, none of which affects the basis of the applicants' submission that PMAP acted in bad faith. Whether the mark has been registered following 'all recognised procedures' is irrelevant to the invalidity claim. So is the 'demonstrable act of goodwill' by the approach PMAP made to the applicants '...in opening discussion on the usage of the mark'. The matter at hand is concerned with bad faith on application of the mark, not acts averring good faith after it has been registered. And it makes no difference whether PMAP wished to profit from registration or not. Finally, no evidence has been provided showing the usage of the mark is associated with PMAP's '...product range and business usage that is not associated with the applicant.'
26. PMAP also state (Counterstatement, paragraph 1):

'The trademark was first advertised in the Trade Marks Journal No 6311 of 19/01/2000. The opportunity to object to the Application was available to the applicant during the advertising process. The applicant employs an agent, namely William A Shepherd & Son ... to research and monitor trade mark applications that it feels to be considered predatory. No objection was made to the application therefore it must be considered that the application was not considered to be a problem to the applicant'.
27. Again, this is completely irrelevant to the invalidation procedure, which is intended to remove from the Register trade marks which should never been allowed on in the first place. Lack of opposition to a mark can never, of itself, be relevant to such proceedings.
28. On these facts I find that PMAP acted in bad faith in applying for the mark THEATRE OF DREAMS for the goods specified. Under s 47(1) I consider registration of trade mark N<sup>o</sup> 2212634 invalid on the ground that it was registered in breach of section 3(6). The applicants have been successful in these proceedings. Accordingly I direct that registration N<sup>o</sup> 2212634 be declared invalid and removed from the Register and, in accordance with Section 47(6), shall be deemed never to have been made.
29. I have not dealt with the applicants other ground, that under s. 5(4)(a) in coming to this view. However, I believe the applicants have demonstrated they possess sufficient goodwill under the mark in goods similar to those registered, to be able to support a claim in passing off.



30. As to costs, the applicants have been successful, and I order PMAP to pay them £900. This sum is to be paid within seven days 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.

**Dated this 26<sup>TH</sup> Day of November 2001.**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar, the Comptroller General**