

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATIONS Nos 2137603 AND 2171670  
BY SINGLETON BIRCH LIMITED TO REGISTER MARKS IN CLASS 1**

**AND**

**IN THE MATTER OF CONSOLIDATED OPPOSITIONS THERETO  
UNDER Nos 50018 AND 50019  
BY SNOWIE HOLDINGS LIMITED**

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and 2171670 by Singleton Birch Limited to  
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thereto under Nos 50018 and 50019 by  
Snowie Holdings Limited**

## **DECISION**

1. On 1 July 1997 Singleton Birch Limited applied to register the mark BIOLIME for "Lime and products containing lime; all being for use in the treatment of water, waste water and sewage; but not including biological products or any such goods for use in biological processes."
2. This application is numbered 2137603.
3. On 9 July 1997 the same company applied to register the mark BIRCH BIOLIME for "Lime and products containing lime; lime products for use in the treatment of water, sewerage and waste water."
4. This application is numbered 2171670
5. On 28 July 1999 Snowie Holdings Limited filed opposition to each of the above applications. The underlying dispute between the parties is common to both cases. The opponents' claim is that the parties had been discussing a working relationship whereby a lime product was to be produced by the applicants for distribution by the opponents under the name BIO-LIME (nothing appears to turn on the fact that the parties sometimes refer to the mark in a hyphenated form). The opponents contend that rights in the name were to be vested in the opponents. On the basis of these circumstances the opponents say that the applications were made in bad faith contrary to Section 3(6) of the Act. The opponents further say that they have used and promoted the mark BIO-LIME and enjoy a reputation thereunder. Use of the marks by the applicants would, it is said, constitute an act of passing off and as such would offend against Section 5(4) of the Act.
6. The applicants filed counterstatements. They deny there was any agreement that a lime product to be produced by themselves for distribution by the opponents would be given the name BIO-LIME. Rather they say it was agreed that "a trade name would be given to material to be supplied by the applicants to any party." They deny that rights in the name (I

infer they mean BIOLIME) would vest in the opponents. They deny the opponents' claim to use and say they were first to use the mark in May 1997.

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

8. Both sides filed evidence. The matter was originally set down to be heard on 9 April 2002.

9. Subsequently both parties indicated that they were content for a decision to be taken on the basis of the papers filed and without recourse to the hearing. Later still (on 21 March 2002) the parties jointly requested a one month delay to enable consideration to be given to a settlement. This was agreed to but in the event the matter does not appear to have been resolved. It falls to me therefore to issue this decision.

### **Background**

10. Evidence has been filed by Euan Fenwick Snowie (With Exhibits EFS 1 and 2) on behalf of the opponents and Peter Hibbard (with Exhibits PH1 and 2) on behalf of the applicants. Mr Snowie is a director of the opponents and Mr Hibbard is Sales Director of the applicants. Included in Mr Snowie's evidence are the first and second draft of a heads of agreement document setting out the basis for closer co-operation between the firms. Certain parts of the document are likely to give rise to conflicting claims. The final terms of agreement have never been settled. However, the opening paragraphs set out the nature of the parties' activities and the proposed joint project between them. These paragraphs are not, I think, the subject of dispute and can conveniently be set out below by way of background

#### "1. **Purpose**

**Singleton Birch Limited** is a long established lime supplier with its main operating base at Melton Ross in North Lincolnshire.

Products are supplied from Melton Ross lime works throughout Great Britain for numerous end use applications.

Singleton Birch Limited has some spare lime burning and processing capacity and is prepared to enter new lime supply markets to more fully utilise its investments.

**Snowie** has an established waste recycling business operating throughout the UK although predominantly based in Scotland. Snowie has identified potential for further new business mainly resulting from impending changes in legislation and this could result in a business opportunity for the possible introduction of lime products for Sludge stabilisation.

#### 2. **Potential**

Singleton Birch and Snowie are both limited companies concentrating on their respective core activities, Lime supplies and Waste Recycling services.

Both companies have in recent weeks shared openly their longer term visions

necessary to secure future activities and expansion plans for well into the next century.

Therefore, it now seems interesting for both parties to work together in some way in order to grow the market for Snowie Limited and secure new lime sales for Singleton Birch Limited, whilst respecting each others independence."

11. I will return to the detail of the evidence in so far as it bears on the issues before me after a review of the law relating to a claim that a mark has been applied for in bad faith.

Section 3(6) reads

"(6) a trade mark shall not be registered if or to the extent that the application is made in bad faith".

In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 Lindsay J said (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. More recently there are also the following comments of Mr Simon Thorley QC, acting as the Appointed Person in *Eicher Ltd Royal Enfield Motor Units v Matthew Scott Holder* (BL 0-363-01)

"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning MR in *Associated Leisure v Associated Newspapers* (1970) 2QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1878) 7 Ch D 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad faith made under Section 3(6). It should not be made unless it is distinctly proved and this will rarely be possible by a process of inference. Further I do not believe that it is right that an attack based upon Section 3(6) should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all."

13. An allegation of bad faith is therefore a serious matter which must be distinctly proved and not simply left to be inferred from the facts. However as Mr Geoffrey Hobbs QC has made clear in *Demon Ale Trade Mark* [2000] RPC 345 a finding of bad faith may be fully

justified even in a case where an applicant sees nothing wrong in his own behaviour. The test is primarily an objective one having regard to "standards of acceptable commercial behaviour".

14. The evidence in this case consists mainly of correspondence between the parties. I do not know whether all the correspondence between the parties has been made available. There are also references to meetings and telephone conversations but no contemporaneous records of the outcome of these contacts between the parties have been filed in evidence. I am unable, therefore, to draw any conclusions from these discussions. The chronology of events as it emerges from the correspondence in Mr Snowie's Exhibit EFS1 is as follows

- 13 November 1996 - a letter from Mr Malcolm Snowie to Mr Hibbard referring to a visit to Singleton Birch's quarry and inviting Mr Hibbard's thoughts on a long term business relationship between the parties
- 25 November 1996 - a reply from Mr Hibbard confirming Singleton Birch's interest in a closer working relationship and proposing various meetings
- 31 January 1997 - Mr Hibbard sends Snowie Ltd a first draft of a co-operation agreement. The essence of the agreement is that Singleton Birch will support Snowie's efforts to win waste recycling contracts and in return Snowie will ensure that Singleton Birch will be well placed to supply lime products from their Melton Ross quarry for these contracts
- 12 February 1997 - Mr Hargreaves, the Singleton Birch Project Manager, writes to Mr M Snowie regarding a sludge stabilisation project. The proposal is that

"Snowie Limited will purchase the Mortar Mixer, Lime Silo and ancillary equipment. The whole mobile "plant" will then belong to Snowie Limited.

Singleton Birch Limited will supply Quicklime at an agreed rate per Tonne to Snowie Limited establishing the grade of material best suited to the process.

Singleton Birch Limited will also provide for a weekly fee a sleeping tanker to store lime in unless / until Snowie Limited wish to make alternative arrangements by adapting one of their own tanks.

This material will be given a "trade-name" and should be suitable not only for waste water treatment but quite possibly for other waste streams.

Should outside bodies request material for lime stabilisation then the "trade named" material will be quoted for delivery at a [text either missing or deleted for commercial confidentiality reasons]."

30 June 1997 - Singleton Birch write to Snowie referring to a telephone conversation and providing contact details for Singleton Birch's Patent/Trade Mark attorneys. I note that the letter contains the following "I have spoken to Andrew and asked him to contact Euan and follow up your Bio-Solids mark".

7 July 1997 - Snowie Ltd sends Singleton Birch a redraft (headed second draft) of the agreement first drawn up by Mr Hibbard. I note that the redraft contains the following under the "Singleton Birch contribution" heading

"All supplies to any party of the 'trade named' material [text missing] by Singleton Birch to Snowie Limited on terms to be mutually agreed"

and under the "Snowie support" heading

"Ordering 'trade named material' from Melton Ross which meets the price, quality and service criteria (to be defined)"

21 July 1997 - a letter from Urquhart-Dykes & Lord (the applicants' Trade Mark attorneys) to Mr Euan Snowie regarding trade mark searching and application matters. The writer says "I have talked to Steve Foster at Singleton Birch and I am waiting for his consent before informing you of any of the details of their trade marks."

7 November 1997 Snowie Ltd write to Singleton Birch regarding matters discussed in August and indicating that "In particular, we are awaiting your response to our request to be given the trade name "Bio-Lime"."

15. The only additional letter to be produced by Mr Hibbard in his evidence on behalf of Singleton Birch is a reply to the above mentioned letter of 7 November which in so far as is relevant reads "I confirm it is still our intention to continue progressing our application for the

trade name 'Bio-Lime' for supply of Melton Ross lime products into several end use applications."

16. On the strength of the above material the parties reach quite different conclusions. Mr Snowie says

"As can be seen from the correspondence, it was agreed that Singleton Birch Limited would register the mark BIOLIME in their name. Verbally, it had been agreed between the parties that this would be done by them on the basis that the name would then be transferred to Snowie Holdings Limited.

Towards the end of the negotiations there was a prolonged gap in the correspondence between the parties, during which time the opponents held the genuine belief that a formal agreement would be executed."

Mr Hibbard's position is that

"During the meeting [at the end of 1996], it was agreed that a trade name should be established for use with the lime product to be supplied by Singleton Birch to Snowie. It was also agreed that the trade name for the lime product was going to be BIOLIME. We discussed promotion and development of the BIOLIME brand by Singleton Birch. During these discussions, there was no indication that Snowie considered the BIOLIME trade name for the lime product to belong to them in any sense. I openly and freely discussed development of the BIOLIME brand by Singleton Birch and indicated that Singleton Birch were going to actively develop and promote the BIOLIME brand in connection with the lime product. There was no indication that we should not do so or any indication that Snowie considered the BIOLIME name to be 'owned' by them. I took this lack of any disagreement as acceptance of Singleton Birch's development of the BIOLIME brand for the lime product."

17. I have no reason to suppose that the views expressed in the above passages from the evidence represent anything other than the honestly held beliefs of the individuals concerned. Unfortunately neither position can be supported on the strength of the evidence before me. I cannot speculate on what may or may not have been said in meetings or telephone conversations behind the scenes. The evidence leaves unanswered questions as to who coined the mark and what the parties' intentions were as to ownership. The first reference to a "trade-name" is in the Singleton Birch letter of 12 February 1997 but neither this letter nor the redraft of the proposed agreement between the parties refer to the actual name as such or issues of ownership.

18. It would seem from Singleton Birch's letter of 30 June 1997 that the applicants were actively seeking to assist the opponents in trade mark registration matters. This was, of course, shortly before Singleton Birch's own trade mark filings. It is unlikely that such assistance would have been offered if it was thought that Snowie's interest was in the mark BIOLIME to which the applicants felt they had a legitimate claim. However it is notable that the letter refers to "your [Snowie's] Bio-Solids mark". That is consistent with a mark (stylised S, SNOWIE, BIO SOLIDS) which features prominently in Snowie's own promotional

literature contained in Exhibit EFS2. I bear in mind also that the proposed working relationship between the parties involved Snowie providing the plant and machinery for use in waste treatment/sludge stabilisation and Singleton Birch providing the lime from their quarry. In the absence of evidence of express agreements to the contrary it would not be surprising if the parties were to seek to protect their own contributions by means of trade marks. That is also consistent with the declared intention in the draft agreement to work together "whilst respecting each others independence."

19. In short I find nothing in the evidence to suggest that the applicants should not have felt free to seek protection for the mark BIOLIME or BIRCH BIOLIME for the specification proposed in Class 1 which reflect the goods they were intending to supply. (The provision of lime was after all Singleton Birch's intended contribution to the working relationship and the provision of waste treatment plant and machinery was to be Snowie's contribution.) Strictly, of course, I do not need to decide the matter in those terms. The onus is on the opponents to persuade me that the applicants have clearly acted in bad faith. That is a significant hurdle to overcome. I do not accept that the applicants can be accused of dealings which fall short of the standards of behaviour referred to in the Gromax case or of perpetrating a commercial fraud within the meaning of the Eicher case. The objection under Section 3(6) fails.

20. The opponents' other ground of objection is under Section 5(4) of the Act. They refer in particular to passing off from which I infer that their objection is under sub paragraph (a) of Section 5(4). This reads

"5.-(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."

21. The conventional test for determining whether an opponent has succeeded under this Section has been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] RPC 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

- (1) that the opponents' 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 applicants (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicants are goods or services of the opponents and



- (3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicants' misrepresentation.

22. The opponents' claim is based on the following brief statement by Mr Snowie

- "5. The opponents have made significant sales under the mark BIO-LIME in the past years since 1996, totalling not less than £1,500,000.
6. Not less than £25,000 has been spent on advertising the mark by the opponents since 1996.
7. Examples of the mark in use by the opponents are attached hereto and marked Exhibits EFS2.
8. The use of the mark by the opponents extends throughout the UK."

23. The Exhibit referred to consists of six photographs of a bulk transport tanker vehicle with BIO-LIME LTD on the side or S(stylised) SNOWIE BIO-LIME LIMITED on the rear and an S(stylised) SNOWIE BIO SOLIDS two fold leaflet. The latter carries a brief and possibly descriptive reference to bio-lime in the narrative text.

24. Mr Snowie's declaration is dated 2 February 2000. I am unable to say what proportion if any of the sales referred to were made prior to the material dates in early July 1998. No indication is given as to what goods were sold under the mark and in particular whether the sales were of plant and machinery for waste treatment or lime. Nothing is said about customers, location of customers or other aspects of the trade. I note that the tanker vehicle shown is without a cab. It may therefore be the "sleeping tanker to store lime" that Singleton Birch indicated in their letter of 12 February 1997 (see above) that they would provide. But without further explanation I cannot draw any meaningful conclusions from this evidence.

25. In *South Cone Incorporated v Jack Bessant and others*, HC 2000 App 00617, Mr Justice Pumphrey said

"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a *prima facie* case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s 11 of the 1938 Act (see *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the *prima facie*

case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur."

26. The opponents' evidence falls some way short of establishing that they could claim goodwill in the mark BIOLIME at the relevant dates. The Section 5(4)(a) objection also fails.

27. The oppositions having failed the applicants are entitled to a contribution towards their costs. I order the opponents to pay the applicants the sum of £570 in respect of these consolidated proceedings. This award reflects the fact that the cases were consolidated at an early stage. This sum is 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.

**Dated this 8<sup>th</sup> day of May 2002**

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