

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2227417
BY TAXMATE LIMITED TO REGISTER A TRADE MARK
IN CLASSES 9, 35 AND 36**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No. 51501
BY RAPHAEL, VIVE & CO AND YNGVE F TRABERG**

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**IN THE MATTER OF Application No. 2227417
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**IN THE MATTER OF Opposition thereto under No. 51501
by Raphael, Vive & Co and Yngve F Traberg**

BACKGROUND

1. On 29 March 2000 Taxmate Limited applied to register the trade mark -



in Classes, 9, 35 and 36 of the register for the following specifications of goods:

Class 09:

Optical and magnetic apparatus and instruments; computer and telecommunications networking, measuring and checking apparatus and instruments; communications and security apparatus and instruments; computer hardware, software and firmware; computer games software; apparatus, instruments and media for recording, reproducing, carrying, storing, processing, manipulating, transmitting, broadcasting and retrieving of publications, text, signals, software, information, data, code, sounds and images; audio and video recordings; audio recordings, video recordings, music, sounds images, text, publications, signals, software, information, data and code provided via telecommunications networks, by online delivery and by way of the Internet and the world wide web; multimedia apparatus and instruments; non-printed publications; education and teaching apparatus and instruments; parts and fittings for all the aforesaid goods.

Class 35:

Human resource services; business and management advice, assistance, consultancy, information and research; accountancy, auditing and book keeping; pay-roll services; tax preparation and consulting services; data-processing services; business

management consulting services in the field of information technology; including, but not limited to, all the aforesaid services provided via communications networks, by online delivery and/or by way of the Internet and the World Wide Web; advisory and arrangement services in relation to all the aforesaid.

Class 36:

Financial management, assistance, advice, consultancy, information and research services; tax, taxation, excise and duty services; insolvency services; investment services; valuation services; real estate services; real estate agency and appraisal; real estate management; including, but not limited to, all the aforesaid services provided via communications networks, by online delivery and/or by way of the Internet and the World Wide Web; advisory and arrangement services in relation to all the aforesaid.

2. The application was accepted by the Registrar and published in the Trade Marks Journal.
3. On 5 October 2000 Castles, on behalf of Raphael, Vive & Co and also Yngve F Traberg, filed a Notice of Opposition. In summary the grounds were:
 - (i) Under Section 5(4)(a) of the Act by virtue of the law of passing off in that Raphael, Vive & Co (the opponent's of the first part) have made use of the TAXMATE trade mark since August 1997 in relation to tax consultancy services and have built up a reputation in this trade mark through use. This contention is in respect of all the services in Class 35 and 36 of the application in suit.
 - (ii) Under Section 3(6) of the Act in that the application was applied for in bad faith because Raphael, Vive & Co (the opponent's of the first part) and Yngve F Traberg (the opponents of the second part) were contacted by the applicants for registration before the filing of the application in suit with requests to buy their rights in the name TAXMATE. The opponents contend that the applicant was aware of the prior rights enjoyed by the opponents at the time of application and this extends to all goods and services covered by the application in suit. The opponents explain that they have reached an agreement between themselves with regard to their respected and intended use of the mark TAXMATE. The opponent of the second part has not yet used the trade mark.
4. On 23 January 2001 the applicants through their agents, W H Beck Greener & Co, filed a counterstatement denying the above grounds. Both sides have filed evidence and have asked for an award of costs in their favour. The matter came to be heard on 19 July 2002 when the applicant for registration was represented by Mr Buehrlen of W H Beck Greener & Co and the opponents by Mr Waine of Castles.

Opponents Evidence

5. This consists of three statutory declarations, one each by Rosh Vive, Peter Raphael and Yngve Traberg dated 12 April 2001, 24 April 2001 and 1 May 2001 respectively.

6. Mr Vive is a partner in the accountancy practice of Raphael, Vive & Co (the opponents of the first part).

7. Mr Vive states that his partner, Peter Raphael has for the most part dealt with the approach by Taxmate Limited regarding the purchase of his company's domain name "taxmate.com" but adds that on a couple of occasions, Peter Raphael was unavailable and he therefore spoke to Mr Ian Bartlett of the firm WH Beck Greener & Co who are acting for Taxmate Limited. Mr Vive goes on to state that on one occasion Mr Bartlett said that "taxmate.co.uk" had been purchased from the former proprietor, Yngve Traberg, and therefore it made sense for this client to also purchase the domain name "taxmate.com". He adds that Mr Bartlett made no mention of his client's trade mark application and gave him the impression that they would be able to take action against Raphael, Vive & Co for use of "taxmate.com" domain name but wished to settle the matter amicably.

8. Mr Vive concludes his declaration by stating that his company decided to offer for sale the domain name "taxmate.com" and forwarded a letter to Mr Bartlett regarding this, since then, they have received no further contact from the applicant nor the applicant's representatives.

9. Mr Raphael is a partner in the accountancy firm of Raphael, Vive & Co (formerly Peter Raphael & Co). He explains that in August 1997 his firm registered the domain name "taxmate.com" after deciding to use a second brand name for use in electronic commerce, via their website and e-mail and that this domain name was displayed on all letterheads and advertising material.

10. Next, Mr Raphael draws attention to the following exhibits which are attached to his declaration:

- (i) Exhibit "PR1" - a print-off from NIC.net Domain Registrations showing the domain name "taxmate.com" registered in the name of Peter Raphael & Co since August 1997.
- (ii) Exhibit "PR2" - a print out of the Raphael, Vive & Co web page showing use of the domain name "taxmate.com" in the e-mail address.
- (iii) Exhibit "PR3" - examples of e-mails received from clients and potential clients about his firms services using the "taxmate.com" e-mail address. Three examples fall within the relevant date for these proceedings (29 March 2000) and show "To: taxmate" as the address holder. However, there is no reference to any business being conducted under TAXMATE.
- (iv) Exhibit "PR4" - a copy of a Budget Report from Spring 1998 for Peter Raphael & Co showing the "taxmate.com" domain name ie "E-

mail:<http://www.taxmate.com>” on the front cover, together with a copy of their Newsletter of Spring 2001 and a Budget Report from Spring 2001 showing use of the domain name on newsletters and reports.

- (v) Exhibit “PR5” - a mousemat and coaster used as promotion items, which bear the “taxmate.com” domain name, as an e-mail address for Peter Raphael & Co and an invoice dated 7 November 1997 for the mousemat and coaster.

11. Mr Raphael explains that his company receives an increasing level of business through internet sites and contact by e-mail.

12. Mr Raphael states that in March 2000 he received a telephone call from someone (he thinks Mr O’Toole), who said he was representing himself and colleagues who were running a tax consultancy in Ireland under the name of TAXMATE and who were hoping to expand the business into England. He wished to acquire the “taxmate.com” domain name and stressed that he already owned “taxmate.co.uk and therefore it would make sense for Raphael, Vive & Co to transfer the domain name to him.

13. Mr Raphael explains that his firm were not looking to sell their domain name but following several calls from Mr O’Toole which hinted at litigation, they felt pressurised into selling. He adds that he was contacted by Mr Ian Bartlett of W H Beck Greener & Co who repeated the statements made by Mr O’Toole. On 5 May 2000 Raphael, Vive & Co communicated the terms on which they would be prepared to sell the “taxmate.com” domain name by facsimile (a copy of which is at Exhibit “PR7” to Mr Raphael’s declaration), but received no response.

14. Mr Raphael goes on to state that, later in May, his firm was contacted by Mr Yngve Traberg by telephone and that this was their first contact or dealing with Mr Traberg. Mr Traberg explained that he owned the domain name “Taxmate.co.uk” and had been contacted by Taxmate Limited around the same time as Raphael, Vive & Co and was told that Taxmate Limited already held the domain name “taxmate.com”.

15. In Mr Raphael’s view there has been extensive use of TAXMATE by Raphael, Vive & Co and in the UK such use is synonymous with this business. Also, it is his opinion that, at the date the application in suit was filed, the applicants were fully aware of the use and reputation of the opponents of the first part.

16. Next, Mr Traberg’s declaration.

17. Mr Traberg states that he is the owner of the domain names “Taxmate.co.uk” and “Taxmate.net”. He explains that he intended to use the domain name “Taxmate.co.uk” in respect of a tax advisory services to be offered via the internet but because of the problems faced with Taxmate Limited he has not made use of it.

18. Mr Traberg says that he was on several occasions prior to 4 May 2002 contacted regarding the sale of his domain names and on 4 May was contacted by Mr Peter O’Toole who claimed to own “taxmate.com” and explained that as they were about to launch a new

site in the UK he would like to buy Mr Traberg's domain names. Mr Traberg later e-mailed Mr O'Toole stating that they were not for sale. Mr Traberg adds that Mr O'Toole called him again at a later date, following which Mr Traberg made enquiries about registering TAXMATE as a trade mark only to be told about the application being made by Taxmate Limited (the application in suit).

19. Mr Traberg goes on to state that during his conversations with Mr O'Toole he was advised that Mr O'Toole's company were the proprietors of the "taxmate.com" domain name. However, Mr Traberg explains that his subsequent research showed that his was in the name of Peter Raphael & Co whom Mr Traberg contacted.

Applicant's Evidence

20. This consists of three statutory declarations, one each from Peter O'Toole, Ian Bartlett and Raymond Naughton, dated 10 September 2001, 7 September 2001 and 26 September 2001 respectively.

21. Mr O'Toole is the Managing Director of TaxMate Limited, a company registered in Ireland and the applicant in these proceedings. He has held this position since the company was formed in June 1998. It was established for the purposes of providing tax advisory services via the internet.

22. Mr O'Toole explains that the business of TaxMate is conducted via the domain addresses "www.tax.ie." and "[www.taxmate.ie.](http://www.taxmate.ie)" and details of these Irish domain name registrations are at Exhibit POY, Tab 7 to his declaration. He believes that "www.taxmate.ie." was registered some time in early 1999. Mr O'Toole adds that TaxMate Limited is a significant business in the provision of internet based tax advisory services, generating over IR £100,000 in its first year of trading.

23. In March 1999 TaxMate Limited began to seek a British partner for expanding overseas and in December 1999 HLB Kidsons, the UK Chartered Account firm agreed to become the British joint venture partner. For this purpose a British company TaxMate (UK) Limited was formed on 12 January 2000 and a formal business plan was ratified in March 2000, a copy of which is at Exhibit POT 1, Tab 12 to Mr O'Toole's declaration.

24. Mr O'Toole goes on to explain that in about December 1991/January 2000, his company investigated the identity of the owners of the domain address "www.taxmate.com". He was aware that this domain name had been registered by another party but had not looked into the matter further since the Irish market could be adequately addressed under the domain name "taxmate.ie." Mr O'Toole adds that his company's agreed business plan (Exhibit POT 11 to his declaration) included an agreed expenditure of STG £25,000 for the acquisition of the domain names "taxmate.com", "Taxmate.net" and "taxmate.co.uk".

25. Turning firstly to the approaches made to Mr Raphael, Mr O'Toole states that the initial approach was made by Kidsons. Mr O'Toole then spoke to Mr Raphael on two occasions "of substance". He draws attention to Exhibit POT 1, Tab 15, to his declaration which is a copy of a memorandum dated 24 February 2000 which is Mr O'Tooles contemporaneous

summary of his first discussion with Mr Raphael and was circulated to his colleagues. Mr O'Toole adds that Mr Raphael confirmed that the domain name "taxmate.com" was merely being used as a "smart address" and that, at the time, the address "www.taxmate.com" resolved to a web page which required a username and password to access and that there was no indication of what lay behind this password protection.

26. Mr O'Toole goes on to state that he explained to Mr Raphael that his company had spent substantial time and money in developing the TAXMATE brand in Ireland, they hoped to develop the brand in the UK and they were interested in paying a substantial sum of money for the transfer of the domain name. Mr Raphael replied that he would be willing to do business "for the right amount of jam.". Mr O'Toole denies stating the he or his business owned the domain name taxmate.co.uk.

27. Mr O'Toole states that his second and final discussion with Mr Raphael was on 15 March 2000 when Mr Raphael called him in Dublin. Mr O'Toole advised Mr Raphael that Mr Bartlett of Beck Greener would continue the discussions and he reiterates that he did not at any time claim that he or his company owned the domain name "taxmate.co.uk".

28. Mr O'Toole explains that TaxMate considered the asking price required by Mr Raphael (STG £30,000) to be too high and decided to pursue its business in the UK under the TAXMATE trade mark but without corresponding TAXMATE domain names.

29. Turning to the approaches made to Mr Traberg, Mr O'Toole says that he spoke to him only once, over the telephone in April 2000. He adds that while neither taxmate.co.uk nor taxmate.net provide access to any relevant web page, he nevertheless explained TaxMate Limited's interest in acquiring the domain names. Mr Traberg subsequently contacted him by e-mail and informed Mr O'Toole that the addresses were too important to let go. TaxMate Limited decided not to pursue the matter with Mr Traberg.

30. Mr O'Toole denies either expressly or implicitly stating to Mr Traberg (or anyone else) that either he, TaxMate Limited, or any connected business owned the domain name "taxmate.com".

31. Next, Mr Bartlett's declaration. Mr Bartlett is a registered trade mark attorney and a partner in the firm of W H Beck Green & Co, the applicants professional advisors in this opposition.

32. Mr Bartlett explains that on 14 March 2000 Mr O'Connell contacted him to retain W H Beck Greener & Co to act for the Irish company TaxMate Limited in the UK. Mr Bartlett was informed of the nature of the Irish business, the proposals for the joint venture agreement with Kidsons and that TaxMate Limited owned the Irish domain name "taxmate.ie." He adds that Mr O'Toole also informed him that his company had come across a potential problem in that the domain name "taxmate.com" had been reserved by a firm of UK accountants Raphael, Vive & Co and that Mr O'Toole had already made contact with Mr Raphael of that firm. Mr Bartlett agreed to take over negotiations for the assignment of the domain name and following investigations he also informed Mr O'Toole that Mr Traberg owned the domain name "taxmate.co.uk", a fact which Mr O'Toole was already aware.

33. Mr Bartlett goes on to state that he subsequently instructed the enquiry agent Julian Hill & Associates to make some enquiries of Mr Traberg and their reports found no use of "taxmate" by Mr Traberg. No investigation was carried out into the activities of Raphael, Vive & Co as it was deemed that, other than owning the domain name, there was no trading activity by Raphael, Vive & Co under TAXMATE. Mr Bartlett adds that, at the time, and if an internet user typed the address "www.taxmate.com" into his internet browser it would resolve to a web page which required a username and password and that there was no indication on the web page on how these could be obtained or what lay behind this requirement. Having concluded that there was no trade mark use of TAXMATE by Raphael, Vive & Co., Mr Bartlett's firm arranged for the application in suit to be made on 29 March 2000.

34. Mr Bartlett confirms that he spoke to Mr Raphael on 31 March 2000 and clearly remembers informing Mr Raphael that his client owned the Irish domain name "taxmate.ie" and was looking to come into the UK. Mr Bartlett denies ever informing Mr Raphael, or anyone else, that his client owned the domain name "taxmate.co.uk". Furthermore, Mr Bartlett states that during this conversation with Mr Raphael he expressly informed him that he had filed a trade mark application for his client.

35. Mr Bartlett says that he was contacted by Mr Raphael through the telephone on 12 April 2000 and that Mr Raphael offered to sell the domain name for £21,000 plus expenses, the expenses being lawyers' fees for settling the transfer documentation. However, Mr Bartlett states that when he subsequently contacted Mr Raphael to pursue the sale, the sale price had increased to £30,000 plus legal costs and Mr Raphael seemed to suggest that his firm had used TAXMATE as a trade mark. Negotiations on the transfer ceased.

36. Mr Bartlett adds that he has never knowingly spoken to Mr Vive or had any dealing with him.

37. The applicant's final declarant is Raymond Naughton, a director of TaxMate Limited (the applicant company). Mr Naughton states that he was fully aware of the efforts being made by TaxMate Limited to purchase the domain names "taxmate.com", "taxmate.net" and "taxmate.co.uk" from their respective owners and having read the declarations of Mr O'Toole and Mr Bartlett in these proceedings, he states the assertions made therein are consistent with his own knowledge.

Opponents' Evidence in Reply

38. This consists of a witness statements by Peter Raphael and statutory declaration by Yngve Traberg dated 23 April 2002 and 3 April 2002 respectively.

39. Mr Raphael states that Mr O'Toole's recollection of their telephone calls is different from his own, principally he asserts that Mr O'Toole did claim ownership of "taxmate.co.uk".

40. At Exhibit B to his statement, Mr Raphael produced a list of data of traffic through the taxmate web site going back to May 2001.

41. Mr Traberg refutes any hints or allegations that he registered domain names without any plans to use them.

42. This completes my summary of the evidence filed in this case. I now turn to the decision.

DECISION

43. Firstly, I consider the ground of opposition under Section 5(4)(a) of the Act, which states:

“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,”

44. I intend to apply the test outlined in Halsbury’s Laws of England (4th Edition) as adopted by Mr G Hobbs QC, in Wild Child [1998] R.P.C at 460. The relevant passages are reproduced below:

"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."*

"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:

- (1) *that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; 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.*

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.

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;*
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;*
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;*
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and*
- (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.*

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

45. Thus, to succeed in a passing off action, it is necessary for the opponent’s to establish that at the relevant date (29 March 2000): (i) they had acquired goodwill under the trade mark; (ii) that use of the applicant’s mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods or services and (iii) that such confusion is likely to cause real damage to their goodwill.

46. I now go on to consider the evidence filed in these proceedings, as set out earlier in this decision, taking into account the submissions put forward at the hearing.

47. The opponent of the first part (Raphael, Vive & Co) claim to have made use of TAXMATE as a trade mark since August 1997 in relation to accountancy, financial advice, tax consultancy services and associated services and to have built up a reputation in this trade mark through use.

48. Can this claim be sustained by the evidence filed in these proceedings? The evidence shows that the opponent of the first part registered the domain name “taxmate.com” in August 1997 and there is evidence of the use of the domain name since that date. However, it seems to me that the evidence also demonstrates that use of “taxmate” has been as a domain name address, in that while “taxmate.com” is shown prior to the relevant date as an address on three e-mails and the Spring 1998 Budget Report of the opponent (Exhibits PR3 and PR4 to Mr Raphael’s declaration of 24 April 2001), it has the name of Raphael, Vive & Co (formerly Peter Raphael & Co) which indicates the source of the services provided by the opponent. In other words the website accessed through the “taxmate.com” domain name has been established to provide access to or information on the services of Raphael, Vive & Co/Peter Raphael & Co. There is no evidence to support the contention made by Mr Waine at the hearing that TAXMATE is a sub-brand or co-brand of the opponent, used as a trade mark alongside Raphael Vive & Co/Peter Raphael & Co.

49. While the opponents evidence also draws attention to a small number of specific contacts made before the relevant date, via the “taxmate.com” website address (Exhibit PR3 to Mr

Raphael's statutory declaration of 24 April 2001), none of these e-mails demonstrate any specific trade or business being conducted under TAXMATE as a trade mark. The opponent's have provided no details of sales made under a trade mark TAXMATE, nor details of advertising expenditure incurred in promoting the mark, nor independent evidence as to the use, reputation or promotion of a TAXMATE trade mark.

50. The requirement upon an opponent to demonstrate goodwill or reputation in the context of passing off has been considered in two recent cases. In the case of Radio Taxicabs (London) Limited v Owner Drivers Radio Taxi Services Limited 12 October 2001, Mr Robert Englehart QC. Sitting as a Deputy Judge of the High Court pointed out that the court was faced with "the total absence of evidence from the wider public" and went on to find that the burden of proving reputation with the general public lay on the claimant. At paragraph 89 the judge stated:

"I consider it possible that the claimant may have built up a sufficient reputation in the ways relied on but I cannot conscientiously put it any higher in the claimant's favour than that Thus one is left to speculate. Speculation is not enough. At the end of the day the burden of proving on the balance of probabilities, the requisite reputation with the general public in the name "Radio Taxis" lies on the claimant and I find that the claimant has not discharged it."

51. Furthermore, in the case of South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House, Gary Stringer (a partnership), 16 May 2001, where in considering an appeal from a decision of the Registrar to reject an opposition under Section 5(4)(a), Pumfrey J 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 face 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 Section 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."

52. I have come to the conclusion that the opponent's evidence does not establish sufficient reputation or goodwill at the relevant date under the trade mark TAXMATE to sustain a passing off action. While the opponents of the first part had registered and used the domain name "taxmate.com", the evidence does not show that they had started or were carrying out a business under a TAXMATE trade mark. A domain name may also be a trade mark but the evidence in this case merely indicates that "taxmate.com" was being used as an address for Raphael Vive & Co/Peter Raphael & Co. At the hearing Mr Waine drew my attention to the

case of *Stannard v Reay* [1967] FSR 140 in which a successful passing off action was launched on only three weeks trading. However, as Mr Buehrlen pointed out, the use in that case showed the plaintiffs had received very substantial takings during those three weeks. In the opposition in suit the opponents have not demonstrated any sales under TAXMATE. Ownership and mere use of a domain name is not conclusive as to trade mark use. As stated in Kerly's *Law of Trade Marks and Trade Names* (13th edition), page 741, paragraph 21-17:

“A domain name registration as such is not an intellectual property right: it is a contract with the registration authority controlling the Top Level Domain concerned allowing communications to reach the domain name owner's computer via Internet links channelled through the registration authority's server. It does not create a monopoly or any other form of exclusive right. It is in many ways akin to a company name registration which is a unique identifier of a certain company but of itself confers no intellectual property right.”

53. The key issue is whether the sign TAXMATE was a “badge of the plaintiff's goodwill, that which associates the goods with the plaintiff in the mind of the public” (per Lord Jauncey in *Jif Lemon* 1990 RPC 341) or merely part of its address, like a house name. On the evidence before me in these proceedings, any use of the TAXMATE sign by the opponent only indicates use of the latter kind. As the opponents have not demonstrated goodwill at the relevant date, the opposition based on passing off falls at the first hurdle and the Section 5(4)(a) ground is accordingly dismissed.

54. Next, the Section 3(6) ground. Section 3(6) of the Act states:

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

55. In *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“I shall not attempt to find 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 as 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.”

56. In a recent unreported decision of the Appointed Person. 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,

paragraph 31, (SRIS 0/363/01), Simon Thorley QC in relation to Section 3(6) stated that:

“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 M.R. 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.”

57. Have the applicant’s standards fallen short of acceptable commercial behaviour? The opponent’s contend that as the applicant’s were aware of their prior rights at the time of application it follows that the application was made in bad faith. They also submit that the application was only made as a “leverage tool” in negotiations to purchase the opponents’ domain names. However, in light of my earlier finding that the opponents had no goodwill in a TAXMATE trade mark at the relevant date, this ground cannot succeed.

58. The applicant had formed the Irish company TAXMATE in June 1998 and subsequently sought to undertake business in the UK, with a British partner under the trade mark TAXMATE. While the applicant was aware of the opponent’s domain name addresses at the relevant date (the date of application for the mark in suit), it was of the opinion they were merely domain names, as opposed to trade marks. Consequently, the applicant was prepared to purchase the domain names but felt under no compunction to do so.

59. It seems to me that the applicant had settled on the trade mark TAXMATE independently and was of the opinion that no other party possessed goodwill under the Trade Mark TAXMATE. Certainly, the opponents are unable to prove otherwise. Accordingly, there can be no bad faith. My earlier finding in relation to goodwill in this decision can only confirm this conclusion and the disputed recollections of the parties in relation to the telephone conversations about the possible sale of the domain names is of no real assistance. The opposition under Section 3(6) fails.

60. At the hearing I received a number of submissions on costs.

61. For the opponents, Mr Waine submitted that the applicant’s evidence about the background to the application was irrelevant and unnecessary and I should bear this in mind in any award of costs. I disagree. This evidence goes to rebut the opponent’s Section 3(6) ground as it seeks to demonstrate that the applicant had a real and genuine interest in expanding its business into the UK under the TAXMATE trade mark.

62. On behalf of the applicant, Mr Buehrlen submitted that I should depart from the normal scale of costs by firstly, adding the travel costs of the applicant’s declarant Mr Peter O’Toole, as he is a “person interested” in the proceedings. I do not consider this appropriate. There was no obligation on Mr O’Toole to attend the hearing (no cross-examination was requested) and he had no role as such. It seems to me to award travel costs to an applicant’s or

opponent's declarants/company officers on this basis, runs contrary to the Trade Mark Tribunal aim of being an informal, low cost alternative.

63. Mr Buehrlen also requested that I award the applicant's their actual costs in these proceedings, which are estimated to be £7,958, because in his view the applicant had no real case to answer and the bad faith ground forced the applicant to submit detailed evidence of their commercial activities. Furthermore, the opponents' comments made about the telephone conversations with Mr Bartlett of WH Beck Greener & Co, the applicant's professional advisors, meant that it was inappropriate, in Mr Bartlett's view for him to continue acting directly in the opposition, resulting in the matter being handed over to another trade mark attorney in the firm, Mr Buehrlen, and thus increasing costs.

64. Taking all the circumstances into account I feel unable to agree with Mr Buehrlen on this point. In my view, the opponents had an arguable case and if my findings in relation to goodwill under Section 5(4)(a) had gone the other way, the Section 3(6) ground would have been on a firmer base. While an allegation of bad faith goes to behaviour it does not follow that it should be "punished" through costs when the ground fails. Furthermore, the divergent recollections of the opponents' and Mr O'Toole and Mr Bartlett in relation to the telephone conversations cannot in my view be settled on the basis of the evidence filed (particularly as there was no cross examination in this case), and I have not found the evidence filed on this issue to be of any real assistance. Suffice it to say that the opponents have freely made their opinions known and they are rebutted by Mr O'Toole and Mr Bartlett. While I understand why Mr Bartlett felt it appropriate to withdraw from an active role in these proceedings, I do not believe his withdrawal to have been strictly necessary, especially in light of the fact that this opposition did not involve the cross examination of witnesses.

65. The applicant is entitled to a contribution towards its costs and, bearing in mind the normal scale of costs in proceedings before the Registrar, I therefore order the opponents to pay them the sum of £2,200. 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 08 day of August 2002

**J MacGILLIVRAY
For the Registrar
the Comptroller-General**