O-462-13

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. 2430493
IN THE NAME OF NATIVE PONY & COB SADDLES LTD
FOR THE TRADE MARK

(A SERIES OF TWO MARKS)
IN CLASS 18

AND

AN APPLICATION FOR
RECTIFICATION OF THE REGISTER
UNDER NO. 84224
BY SADDLE EXCHANGE LIMITED

AND

IN THE MATTER OF REGISTRATION NO. 2437817
IN THE NAME OF WOODWARD & WOODWARD LIMITED
FOR THE TRADE MARK

(A SERIES OF TWO MARKS)
IN CLASS 18

AND

AN APPLICATION FOR
RECTIFICATION OF THE REGISTER
UNDER NO. 84282
BY SADDLE EXCHANGE LIMITED

The parties

1. Saddle Exchange Ltd is a company wholly co-owned by Dean Woodward and Andrea Hicks. Their business and personal relationship of 26 years came to an end in March 2010, following which they each set up other companies. Ms Hicks set up Native Pony & Cob Saddles Ltd. Mr Woodward set up Woodward & Woodward Limited. Ms Hicks assigned the Native Pony trade mark (2430493) to her new company and Mr Woodward assigned the Comfort Saddles trade mark (2437817) to his new company. Each of them disagrees that the other should have done so and each has filed an application in the name of Saddle Exchange Ltd to have the trade mark register rectified to show the marks as belonging to Saddle Exchange Ltd.

2. In both sets of proceedings, Saddle Exchange Ltd is the applicant. In the Native Pony proceedings, it is Mr Woodward who is the face of the applicant and Ms Hicks who is the face of the registered proprietor (Native Pony & Cob Saddles Ltd). In the Comfort Saddles proceedings, it is Ms Hicks who is the face of the applicant and Mr Woodward is the face of the registered proprietor (Woodward & Woodward Limited). Apart from when he filed application number 84224, Mr Woodward has been represented in both sets of proceedings by Mewburn Ellis LLP and Ms Hicks is representing herself, apart from a short period of time prior to the evidence rounds. It was not clear until the conclusion of the evidence rounds that the two sets of proceedings involve highly similar facts and identical protagonists (Mr Woodward and Ms Hicks). For this reason they were not consolidated; however, having reviewed all the evidence, a considerable amount of which is the same, I consider it appropriate to decide both sets of proceedings in this single decision. Evidence and submissions were filed in both cases by all three parties concerned (Saddle Exchange Limited, Native Pony & Cob Saddles Ltd and Woodward & Woodward Limited). All three parties wished for a decision to be made from the papers, without a hearing. I have borne in mind all the evidence and submissions. If a point is not included in my summary of the evidence, this does not mean that I have not considered it; merely that it is not appropriate to include it in an evidence summary, or that it is not relevant to the issues to be decided.

The trade marks

3. Registration 2430493, the "Native Pony" mark, stands in the name of Native Pony & Cob Saddles Ltd ("Native"). The application for rectification of the register was made by Saddle Exchange Limited ("Saddle") on 7 November 2011. The application was made on statutory form TM26(R) and the form was signed by Mr Dean Woodward. Mr Woodward wrote on the form:

> "Assignment should not take place as I own half of Saddle Exchange Limited and did not agree or sanction a sale.

In a letter to the Intellectual Property Office, attached to the form, Mr Woodward said:

> "My previous partner, Andrea Hicks who solely owns Native Pony & Cob Saddles Ltd and is also a half owner with me of Saddle Exchange Limited has registered it into her new company without consulting me. She is still in negotiation with me for the purchase of the Trademark.

Please can you rectify this mistake.

...

In time it is possible that Andrea will purchase the Trademark from me, but as that has not happen yet please can you amend the record back to the rightful owner, Saddle Exchange Limited."

4. The application was served upon Native, which was invited to submit evidence or submissions, with reference to rule 44(2)(b) of the Trade Mark Rules 2008:

"**44.**—(1) An application for rectification of an error or omission in the register under section 64(1) shall be made on Form TM26(R) together with:

(a) a statement of the grounds on which the application is made; and

(b) any evidence to support those grounds.

(2) Where any application is made under paragraph (1) by a person other than the proprietor of the registered trade mark the registrar—

(a) shall send a copy of the application and the statement, together with any evidence filed, to the proprietor; and

(b) may give such direction with regard to the filing of subsequent evidence and upon such terms as the registrar thinks fit."

The sequential filing of evidence followed the format set out in Tribunal Practice Notice 2/2010:

"Rule 44 Application for rectification

The registered proprietor

20. Where an application to rectify the register is made by a party other than the proprietor of the registered trade mark, the registrar will send a copy of the form TM26(R) 'Application to rectify the register' to the registered proprietor who will be allowed two months to file evidence or written submissions.

The applicant for rectification

21. If the registered proprietor submits evidence or written submissions in response to the form TM26(R),the applicant will, at the registrar's discretion, be permitted a further period of time within which to respond to the registered proprietor's evidence or written submissions."

5. Registration 2437817, the "Comfort Saddles" mark, stands in the name of Woodward & Woodward Limited ("Woodward"). The application for rectification of the register was made by Saddle (i.e. Ms Hicks) on 25 January 2012. The

application claims that there are two directors of Saddle, Andrea Hicks and Dean Woodward, and that:

> "6. The date of transfer of ownership is stated on the form TM16 as being 08 November 2010. It is not accepted that there exists any documentary evidence which formally and legally assigns the benefit of United Kingdom Trade Mark Registration No: 2437817 from Saddle Exchange Limited to Woodward & Woodward Limited.
>
> 7. Dean Kenneth Woodward is in breach of his fiduciary duties to Saddle Exchange Limited by transferring an asset of the Company and has acted in a manner contrary to the benefit of Saddle Exchange Limited.
>
> 8. Even if there exists documentation to support an Assignment (which is not admitted) Dean Kenneth Woodward is in breach of his Directors responsibilities in that he did not advise or otherwise consult Miss Andrea Donna Hicks of the intention to dispose of an asset of the company or sought agreement in relation to the financial or other consideration payable for such transfer. As the agreement and the consent of Mss Andrea Donna Hicks was not obtained or sought by Dean Kenneth Woodward any assignment is invalid."

The relief requested is that the trade mark register is rectified and that the trade mark registration is returned to Saddle.

6. The application was served upon Woodward, which was, likewise, invited to submit evidence or submissions, as per rule 44(2)(b) of the Trade Mark Rules 2008.

Ms Hicks' evidence in support, filed on behalf of Native (the registered proprietor in the Native Pony case) and Saddle (the applicant in the Comfort Saddles case)

7. Ms Hicks has filed witness statements on each case. The Native Pony statement is dated 5 September 2012 and the Comfort Saddles statement is dated 29 August 2012. Much of the content is the same.

8. She states that she is a director of Saddle Exchange Limited (the applicant) and that both she and Mr Woodward ran and jointly owned the applicant for twenty-six years. She exhibits a print from Companies House records to show that she is a director of the applicant (A1) and another (A2) to show that Mr Woodward is a director. She states that she and Mr Woodward were "in agreement" in August 2010 that the applicant was to have been split 50/50, with Mr Woodward to own trade mark 2437817 (Comfort Saddles), the distributorship for ReactorPanel saddles and Saddle Exchange Limited, whilst Ms Hicks was to own stock and the Native Pony trade mark.

9. Ms Hicks states that, in August 2010, she was advised by the applicant's accountants, Butterworth Jones, to set up a limited company into which she was to move assets, shares and the trade mark. She states that this was with Mr Woodward's agreement and the company was set up on 17 September 2010, as

shown in exhibit C1, the registration certificate for the company. This company was called The Native Pony Saddle Company Limited (not the same name as the registered proprietor). She states that Mr Woodward began to delay matters, despite "it being continued to be understood" that she would take over the trading assets for her new company. She states that Mr Woodward claimed that he wanted to wait to effect the transfer for a little longer because he wanted more debt to be cleared from the applicant before it was split. Ms Hicks says that this did not make sense because the debt had been factored into the split with his approval. Exhibit C2 is an email dated 5 December 2011, from Victoria Munro-Cowgill, at Butterworth Jones, reporting to Ms Hicks information from an accountant colleague, John Parker, who said:

> "The company was valued at approximately £80,000 and Andrea's share of this was 50%. The inventory of items required by Andrea was £39,800. The share price of approx. £40,000 due to Andrea was to be issued by Andrea to purchase the items from the company.
>
> The intention was for Andrea to take over the trading assets of Native Pony and we would assume that the trade mark would form part of these assets."

This document is multiple hearsay.

10. Ms Hicks states that Woodward was incorporated in September 2010[1] and that, in October 2010, Mr Woodward took all of the stock and assets "in the middle of the night" to his new partner's house and set up Saddle Exchange (without the "Ltd") (Native Pony witness statement). Ms Hicks states (Comfort Saddles witness statement):

> "October 2010 Dean Kenneth Woodward cleared the Saddle Exchange Ltd offices of around £110,000 worth of stock and assets without my consent putting company into deadlock".

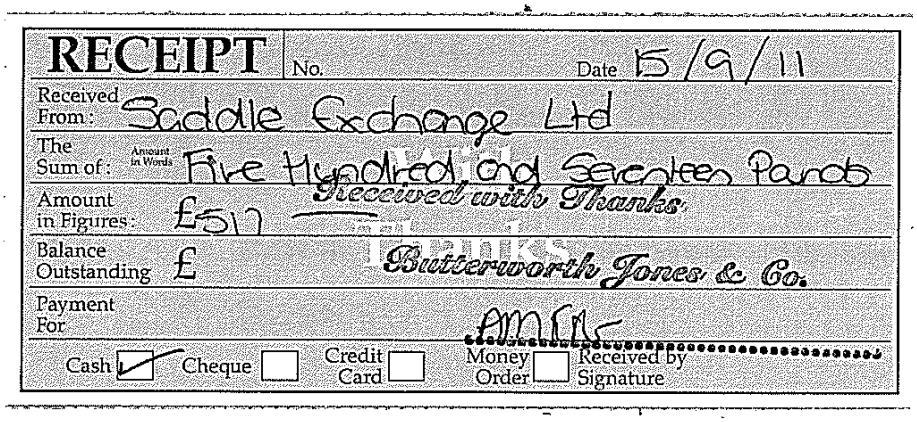
Ms Hicks states that Mr Woodward ran the non-limited Saddle Exchange company under Woodward & Woodward Limited and continued to trade as normal, but that she, as the other director of Saddle Exchange Ltd, had not consented to this. She states that she took court action in January 2011 against Mr Woodward to recover stock and assets of Saddle Exchange Limited, to split the company and to close it down. Ms Hicks states that it was clear to her and her solicitor in August 2011 that Mr Woodward has transferred the Comfort Saddles trade mark without her consent and that neither he, nor Woodward, nor Saddle Exchange (without the "Ltd") had made any payment to Saddle Exchange Limited. Ms Hicks subsequently obtained a direction from the court to appoint forensic accountants to look at the accounts[2]. She states:

> "In addition, please note that Dean Woodward never transferred TM 2430493 The Native Pony Saddle Company; I assumed this was because there was always an agreement that this trademark was to be transferred to myself and

[1] Exhibit D1.
[2] Court papers at exhibit F1.

my new company...I also assumed that as we were both equal Saddle Exchange Ltd company directors and he, as a Saddle Exchange Director, had deemed it acceptable to transfer the Comfort Saddle Trademark without my agreement it would also be deemed acceptable for me to transfer the 'Native Pony' trademark, especially as this had been the understanding of the split as referenced previously...".

11. Ms Hicks states that she was unaware of the transfer of Comfort Saddles "without her consent" until August 2011, when she saw a valuation Mr Woodward had had done (to which she had not consented) of the company assets. She states that, owing to his assignment action, she sold to her new company the Native Pony trade mark. She exhibits a photocopy of a receipt, dated 15 September 2011 at G1[3], which she states shows the sum paid for the trade mark, £517. The receipt is shown below:


RECEIPT No. Date 15/9/11

Received From: Saddle Exchange Ltd

The Sum of: (Amount in Words) Five Hundred and Seventeen Pounds

Received with Thanks

Amount in Figures: £517

Balance Outstanding £

Butterworth Jones & Co.

Payment For

Cash ✓ Cheque ☐ Credit Card ☐ Money Order ☐ Received by Signature

Another document included in exhibit G1 is shown below:

[3] Native Pony witness statement.

SADDLE EXCHANGE LIMITED
BREAKDOWN OF OUTSTANDING FEES PER LATEST STATEMENT
AS AT 14 OCTOBER 2011

Invoices raised

Date	Inv no	£	
30/06/2010	22971	3,460.37	accounts, corporation tax etc 31.8.09 payroll months 1-3 + P35
19/07/2010	23029	158.63	09/10 forecasts, meetings re split of business, P11d
07/10/2010	23368	2,009.25	09/10
08/10/2010	23429	61.69	payroll months 4-6
12/01/2011	23712	27.61	payroll month 7
30/09/2011	24624	1,512.00	P11d 10/11, VAT visit, tax work to date, company secreta
		7,229.55	

Monies received

Ex company	~~17/12/2010~~		(1,200.00)
Ex A Hicks	05/05/2011	(472.00)	
	15/09/2011	(517.00)	
			(989.00)
			5,040.55

Ms Hicks states that Exhibit G2 shows the invoice for the trade mark to the value of £517:

REF 84224/TS/JRD No. 10905

SADDLE EXCHANGE LTD

43a Sandford Road
Weston-Super-Mare
Somerset BS23 3EX
United Kingdom

UK Telephone: 0844 800 8564
International: 00 (44) 1934 626876
Fax Number: 00 (44) 1934 416407

VAT Number. 790 8076 02
Registered in England no. 4723287

email: info@saddleexchange.com
Website: www.saddleexchange.com

Customer	
Name	NATIVE PONY & COB SADDLES
Address	14 MANOR ROAD
	W-S-M GARDEN FLAT
County	SOMERSET
Postcode	BS23 2SS
Telephone (Home)	
Telephone (Business)	

Distributor	
Date	25.08.2011
Agent	ANDREA HICKS
	SADDLE EXCHANGE LTD
	DIRECTOR

Qty	Product	Size	Width	Option	Colour	Flock/Gel	LD	VAT	Price	Send
	THE NATIVE PONY SADDLE COMPANY TRADE MARK & LOGOS No 2373493									
	AS AGREED AT BUTTERWORTH JONES VALUATION 2010								£517 00	
	CASH FOR THIS SALE GIVEN TO BUTTERWORTH JONES FOR OUT STANDING DEBT									
	INVOICE 23029 DATE 19/07/2010									
	INVOICE 23368 DATE 07/10/2010									

Recommendations _____

Terms _____

Customer Signature _____

Agent Signature _____

VAT _____

Total £517.00

Payment Method:
~~Cash~~
☐ Cheque
☐ Credit Card
☐ Debit Card

12. She states that she arranged for the £517 that she paid into Saddle Exchange Limited to be paid out to Butterworth Jones and exhibits G3 which she states is the receipt for this. However, the amounts in the two documents in G3 amount to, individually, £158.63 and £358.37. There are no descriptions as to what the payments were for, although there are references to the two invoice numbers shown in the document in G2 (above). Ms Hicks states that Mr Woodward has made no payments to the applicant for any of the assets she alleges he took, including the Comfort Saddles trade mark.

13. Some aspects of Ms Hicks' evidence on the Native Pony case were subsequently challenged by the applicant in written submissions through its professional representatives, Mewburn Ellis LLP. In summary, the challenges are:

- There is no evidence of a registrable transaction in relation to the trade mark.

- The general agreement was rendered void by the actions of Miss Hicks, including unrealistic demands for money, and her constant changing of the terms of the agreement.

- There were conditions attached to Ms Hicks taking on the "Native Pony" part of the business, with which she was unwilling to comply. This was well before the alleged transaction involving the registration.

- The court action commenced in December 2010, not January 2011. The court action was outstanding at the date of the transfer of the registration, an asset of the company, and so was questionable because Ms Hicks had not obtained a current valuation of the trade mark.

- Ms Hicks's account of the court action is misleading. The action is to determine a fair value for the company and make arrangements for disposal of the assets. No part of the action is recovery of stock and assets. The forensic accountant is instructed as a single joint expert, not by Ms Hicks herself.

- Paragraph 8 of Ms Hicks' statement, in relation to Mr Woodward's dealings with Saddle Exchange Ltd contains allegations which Ms Hicks knows to be false.

Mr Woodward's evidence in support, filed on behalf of Saddle (the applicant in the Native Pony case) and Woodward (the registered proprietor in the Comfort Saddles case)

14. Mr Woodward's witness statements are dated 23 October 2012 (Native Pony case) and 3 July 2012 (Comfort Saddles case). Mr Woodward states that he is a director of the applicant. He gives an account of the background to the parties and the dispute, as follows.

15. Mr Woodward started business in early 2000 as Dean Woodward "t/a Saddle Exchange. The following year, the business became Dean Woodward and Andrea Hicks "t/a Saddle Exchange". Saddle Exchange Limited was incorporated on 4 April 2003, taking over the existing business on 1 September 2003. Mr Woodward's role was mostly the sale and fitting of saddles, while Ms Hicks worked mainly in the office.

16. Ms Hicks was both Mr Woodward's business and personal partner but, in March 2010, they split up. It was clear that it would be impossible to continue to work together to run the applicant and so discussions were had about ways in which the business and its assets could be divided. Mr Woodward states:

> "Although several outline agreements for this appeared to have been reached at various points in the process, these were all rendered void by subsequent actions."

17. An agreement was reached in principle in July 2010 that Mr Woodward would buy Ms Hicks' share of the applicant for £42,000 and that she would buy the trade

mark for £517, all of the Native Pony branded stock, some low value office equipment and a company Volkswagen van, the total value of which, Mr Woodward states, was approximately £42,000. Mr Woodward was to continue trading as Saddle Exchange Ltd and to continue to use the Comfort Saddles brand. He states that the subsequent actions of Ms Hicks rendered the agreement void. Mr Woodward describes these as destructive; including making personal use of the applicant's money; failing to pay the applicant's suppliers; stopping cheques that he had written to the applicant's suppliers; and spreading rumours amongst the applicant's customers and suppliers about his health, sanity and abilities. Mr Woodward states that, as a result of these actions, the applicant's business current account was frozen by the bank on 15 October 2010. He states that because Ms Hicks had drawn out over £8,500 in the previous ten days by cash withdrawals, transfers and cheques, he was unable to pay any of the applicant's creditors, including VAT payment. At this date, the applicant had business debts of approximately £120,000.

18. Mr Woodward refers to the agreement "in principle" which was reached in July/early August 2010, but states that the finer details of the agreement were never confirmed and that Ms Hicks' subsequent behaviour rendered any agreement that had been reached void due to a substantial change in the underlying circumstances. He refers to the value of the remaining business assets and Ms Hicks' demands for an unrealistic monetary settlement that kept increasing. Mr Woodward states that it was not possible to reach any final agreement regarding the division of the applicant in August or September 2010 as approval first had to be sought from HMRC[4]. Mr Woodward states that this was the reason why he was unable to agree to a split at this time and it was not, as Ms Hicks states, simply him instigating delays. Approval (from HMRC) was not received until 25 October 2010. By this time the applicant had stopped trading and its bank account had been frozen "and so it was no longer possible to proceed with any settlement that had been agreed". In any event, the underlying basis for any agreement had, by this time, radically altered, Mr Woodward states, as a result of Ms Hicks' actions:

> "I also now had no reason to believe that Miss Hicks would stick to her side of any agreement given her recent actions in respect of myself and the Applicant."

19. Mr Woodward states that at this stage (i.e. October 2010), there was:

> "definitely no agreement between myself and Miss Hicks on the manner in which the business of Saddle Exchange Ltd. should be split."

Mr Woodward refers to the email from Victoria Munro-Cowgill of 5 December 2011, described in paragraph 4 of this decision, referring to what John Parker had said; Mr Woodward states that not only was this John Parker's recollection, but it was out of date and took no account of matters which had happened since.

20. Mr Woodward states:

[4] HM Revenue and Customs.

> "The allegation that I "took all of the stock and assets in the middle of the night" is completely untrue. Indeed it conveniently ignores the fact that Miss Hicks herself removed all of the Native Pony branded stock (apart from a small number held by Michael Davies, an agent), computers, desks and a Volkswagon van from the Applicant)."

21. Mr Woodward states that, on or around 15 September 2010, Ms Hicks removed a number of ReactorPanel branded saddles (part of the stock to be transferred to Mr Woodward in any split) and put them on eBay at a fraction of their cost price. He gives an example in exhibit DW1, which shows a Reactor Panel Dressage saddle ex demo, sold by "andreasaddles" for a starting bid of £450. Mr Woodward states that, after this happened, he decided to remove most of the Comfort Saddles and ReactorPanel branded stock held at the business premises so that he could continue to trade in the products with the aim of keeping the business running, without interference from Ms Hicks. Mr Woodward exhibits two emails (DW2) from Trish Ramsden, an employee of the applicant, who worked in the office with Ms Hicks. The emails were sent on 8 October 2010 and are entitled "Inventory for Andrea". Separate pages, which are inventories, are exhibited which Mr Woodward states were attachments to the emails. The inventories total about £14,000 worth of stock of various types (bridles, saddles, reins etc). Also exhibited is an email of the same date from Ms Hicks to Mr Woodward, which Mr Woodward states indicates that she had 183 saddles in her possession in addition to those in his possession:

> "Should have put a note on last email, this is the stock including DK stock I believe there is much more stock in DK as you never gave us stock lists.
> Comfort x 58
> RP x 24
> NP x 101 (one of theses is a customer saddle deposite paid, should have been sent out while I was away.)
>
> This dose not include any Devon stock
>
> Andrea
> as you never gave us stock lists"

22. Mr Woodward states that, following the freezing by the bank of the applicant's current account, and on professional advice, he decided to try to trade out of the situation and set up his own business using the company Woodward & Woodward Ltd. He states that the remaining company stock was professionally valued, with an uplift due to it being sold to a director, and was sold to Woodward for that amount. Woodward undertook to pay off the applicant's remaining trade creditors. Exhibit DW3 is a valuation from MST Auctioneers Ltd dated 7 January 2010. This is a typographical mistake, because the writer refers to a valuation he undertook on 8 November 2010. Mr Woodward states the date of valuation was 8 November 2010. It refers to the Comfort Saddles trade mark and that it was valued by Butterworth Jones at £517. The valuation also says:

> "In possession of another director:
>
> VW Caddy Van (2005) that is being held by the co director (£3000+)

2 saddle adjusters, saddler tools, saddle stands.
Native Pony stock: saddles, numnahs, reins, stirrup leathers etc (part of Saddle Exchange stock)
Office Furniture: 2 desks, filing cabinets, 2 Pcs and 2 chairs etc..".

23. A handwritten receipt is also included in this exhibit[5], from Saddle Exchange Ltd to Woodward, dated 8/11/10, for £50,461.68. The receipt number has been changed by hand. The receipt says, under terms, "Contra payments against outstanding supplier invoices". Mr Woodward states that this sum was paid to the former creditors of Saddle Exchange Ltd by Woodward. He states that the transfer of the assets in the valuation was carried out at true value and "represented the only route which would allow for payment of the debts of the Applicant." Mr Woodward states that the spreadsheet shown in exhibit DW4 provides an overview of the applicant's debts which were paid off by Woodward & Woodward Ltd between 29 October 2010 and May 2011. Mr Woodward states:

> "In this regard, Miss Hicks' statement that "to date Mr Woodward and/or Woodward & Woodward Ltd and/or Saddle Exchange...has not paid any monies owed to Saddle Exchange Ltd for the transfer" is entirely incorrect. It is noted that the same information has already been provided to Miss Hicks' solicitors and so her repetition of this false allegation appears to be entirely aimed at discrediting me."

24. Mr Woodward corrects Ms Hicks' statement that she commenced court action against him in January 2011 by exhibiting DW5, which is a letter from the Court Service, dated 23 December 2010, addressed to Ms Hicks' solicitors and enclosing the sealed petitions for service upon Mr Woodward. The petition is also enclosed; Ms Hicks is the petitioner against Mr Woodward and Saddle Exchange Limited. I note that the petition states:

> "5. (i) The petitioner is 50% shareholder in the company with her former partner, the first respondent Dean Woodward. They are joint directors in the company.

25. Exhibit DW6 is a copy of the terms of engagement of the single joint expert for the court case, who has been instructed to obtain a true valuation of the company, as at August 2010.

26. Mr Woodward states:

> "24. Miss Hicks appears to suggest that, because I had not previously transferred the Registration out of Saddle Exchange Ltd., I was willing for her to have the Registration. In simple terms that was (and is still) true, subject to her ceasing her other demands in relation to the assets of Saddle Exchange Ltd. and in relation to me personally.
>
> 25. However, after removing the Native Pony stock from Saddle Exchange Ltd. as discussed above, when the suppliers of that stock sought payment for

[5] And also as DW2 in the Comfort Saddles case.

it from Miss Hicks and/or her company Native Pony & Cob Saddles Ltd., Miss Hicks promptly returned that stock to those suppliers, who subsequently have sought payment from Saddle Exchange Ltd. and myself. In summary, whilst I was willing previously for Miss Hicks to have (as part of her share of Saddle Exchange Ltd.) that part of the business which relates to Native Pony (including the relevant stock and the Registration), it is clear that Miss Hicks was only willing to take this if it was "free" (i.e. without the associated need to pay the suppliers for the relevant stock).

26. The stock in question was in fact purchased by Woodward & Woodward Ltd (in order for us to maintain our relationship with those suppliers) and at present the total value of said stock is approximately £17,000. Despite returning the stock to the suppliers, Miss Hicks has already attempted to enforce the Registration against me in relation to the sale of this returned stock. For this reason, I would only have been prepared to agree to the assignment of the Registration to her if she was also prepared to purchase this stock. She has been, to date, unprepared to do this.

27. Miss Hicks states that she "could see no reasonable objection" to her making this transfer by herself. Aside from the outstanding action in the County Court, I had exchanged numerous e-mails and other correspondence with Miss Hicks prior to her making the alleged "transfer" indicating that I was not prepared to agree to this action unless she also took the relevant stock and debt. Therefore, at the time of "selling" the Registration to her own company, Miss Hicks was well aware that I would object to this, but proceeded regardless."

Ms Hicks' reply evidence in the Native Pony case

27. Ms Hicks' reply statement is dated 13 February 2013. Ms Hicks states that all the money she had taken from the applicant was to pay the applicant's debt and its employees; she exhibits what she refers to as counter-signed contra-payments in exhibit AH3. Included is a letter requesting return of stock to a supplier owing to non-payment by the applicant and evidence relating to payments of an employee's wages from Ms Hicks' personal funds. AH4 shows bank statements from the applicant's account, showing that money was being paid in and out after 15 October 2010. Ms Hicks states that the stock she had was either returned or sold in order to clear the applicant's debt, which she states she did to the sum of £68,000, as "agreed at the HMRC by Mrs Chell" and which she states exhibits AH3 (credit notes from suppliers) and AH4 (bank statements) prove. Ms Hicks states that her clearance of the company debt has mostly been done by returning unpaid stock to suppliers and gaining credit notes for the company. She states:

"Any transactions carried out by myself for selling stock were paid into the company bank account, which could still be done despite the fact that Dean Kenneth Woodward claims it was frozen."

28. Although Ms Hicks states that the account was not frozen, the document in AH3 concerning payment by her to the employee for wages from her own purse refers to the bank account being frozen. This was on 20 October 2010. I note that there were

no transactions between 14 October 2010 and 25 October 2010, so it may be that there was a temporary freezing, but that the account was operating afterwards. There are payments in and out in the statements until March 2011. Ms Hicks states that Mr Woodward made no attempt to pay money into the account after October 2010. She states that contra payments in DW3 and DW4 do not have invoice numbers against them and that neither she nor her solicitor has been able to confirm them as Saddle Exchange Limited transactions. She states that it is incorrect to state that she retuned stock which suppliers then sought payment for from the applicant; the credit notes to the applicant, in AH3, would not have been provided if that was the case.

29. In relation to the receipt/invoice in Mr Woodward's evidence which has an altered number (from 12451 to 10664 and a revised date) and which refers to contra-payments, Ms Hicks states that it has been 'doctored', there are no stock numbers in support and the figures have been plucked out of the air. In her Comfort Saddles witness statement dated 29 August 2012, Ms Hicks states that neither she nor the forensic accountants supplied by the court had seen this receipt before. She claims that Mr Woodward has shown stock bought for his new company and that this is why the invoices do not stand up. She states that she never agreed to the valuation of the stock in the Mr Woodward's evidence or to the sale of the stock. Ms Hicks states:

> "I have never seen proof Dean Kenneth Woodward paid any debt off, just doctored invoices that prove nothing other than cheque numbers for stocking his new company with goods".

30. Ms Hicks exhibits copies of cheques in AH5, dated 16 September 2010 and 29 September 2010 from the applicant's account, which she states were paid by herself and Mr Woodward. She states that this shows she was not preventing Mr Woodward from paying suppliers; Ms Hicks states that he was angry about her paying suppliers in front of Trish Ramsden and Caroline Burgess. She refers to exhibit AH6 which she states is a witness statement from Ms Burgess about the episode. It is not a witness statement and has been solicited for the proceedings. It is hearsay.

31. Ms Hicks states that she has had to go to court to get the agreement and that it was her lawyer, on her behalf, that appealed to the court for a forensic accountant to be appointed, owing to the delays caused by Mr Woodward and his refusal to submit the company's books. The court appointed the single joint expert. I note that the court papers, exhibited to Ms Hicks first witness statement, refer to the direction being made following Ms Hicks' application and that Mr Woodward, as the first respondent, was ordered to pay the costs of her application.

Mr Woodward's reply evidence in the Comfort Saddles case

32. Mr Woodward's reply statement is dated 19 December 2012. It refers to the sequence of events whereby both he and Ms Hicks removed company stock in Autumn 2010, that there was changing of locks, and the damage he considers Ms Hicks caused to the company by removal of stock. He states that Ms Hicks' figure of £110,000 is either a fabrication or a deliberate exaggeration when considered

against the valuation he obtained from MST Auctioneers. He states that Ms Hicks removed 36 saddles ("probably more") and other items from the business at the same time as he removed items. He states that the invoice which Ms Hicks states she has never seen was disclosed by him as part of the County Court case. Mr Woodward states that the re-writing of the invoice (which he states bears the original number 10664) incorrectly omitted to make the amount paid subject to VAT; hence the corrected invoice. He states that the payments which he made to suppliers to settle debts were made directly to them because the applicant's bank account had been frozen:

> "...it allowed us to pay each creditor on their own terms as well as ensuring that Ms Hicks was not able to appropriate any of the money before it reached the intended recipient (as she had done prior to 15 October 2010)."

Decision

33. Rectification of the register is provided for under section 64 of the Trade Marks Act 1994 ("the Act"):

> "64.—(1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:
>
> Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.
>
> (2) An application for rectification may be made either to the registrar or to the court, except that—
>
> > (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
> >
> > (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.
>
> (3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.
>
> (4) The registrar may, on request made in the prescribed manner by the proprietor of a registered trade mark, or a licensee, enter any change in his name or address as recorded in the register.
>
> (5) The registrar may remove from the register matter appearing to him to have cease to have effect."

34. The applicant must have a sufficient interest to apply for rectification. The applicant's claims that the registered proprietors have wrongfully assigned, from the applicant, the two trade marks, of which Mr Woodward and Ms Hicks each has only has 50% ownership, means that the applicant has sufficient interest to apply for rectification of each trade mark.

35. Although each director has agreed to go their separate ways, the applicant is owned equally by both of them, is a separate legal entity from them, and is in a state of deadlock. There is no question in these proceedings of omissions; the claims are that errors have taken place. The claimed errors are that the change in ownership of the trade marks should not have been recorded by the Intellectual Property Office. The administrative action which form TM16 represents is for when there is no dispute about the ownership and transfer of that ownership. A TM16 is not proof of a valid assignment. The form includes the following note: "This form is not a substitute for the assignment document or other proof of the transaction". The TM16 in respect of the Comfort Saddles trade mark was filed on 12 July 2011[6], with the date on which ownership changed being entered on the form as 10 November 2010. This was after the date on which Mr Woodward states there was no agreement. The TM16 in respect of the Native Pony trade mark was filed on 31 August 2011, with the date on which ownership changed being entered on the form as also 31 August 2011. This was several months after the court action was commenced, in which it was claimed that no final terms had been agreed. The Intellectual Property Office takes a form TM16 as it finds it and does not investigate the legality of the claim to change of ownership unless, it is subsequently challenged. Absent such a challenge, although no documentation is required to be filed with the TM16, the provisions of section 24(3) of the Act still apply:

> "An assignment of a registered trade mark, or an assent relating to a registered trade mark, is not effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative."

36. The applicant/Mr Woodward submits that Ms Hicks' assignment of the Native Pony trade mark is void because, amongst other reasons, the invoices which Ms Hicks relies upon to show a sale/transfer fall well below what is required of an assignment document. It submits that there is no operative clause or any wording to the effect of "the assignor assigns the Registration to the assignee" or similar to effect a transfer. However, in the Comfort Saddles case, it is submitted, on behalf of Woodward/Mr Woodward, that:

> "As set out in Mr Woodward's witness statement, there is no formal assignment of the Registration in the manner that would usually be expected. However, it is submitted that the receipt dated 8 November 2010 (exhibit DW2), the letter to MST Auctioneers Ltd dated 5 January 2011 (Exhibit DW3) and the Form TM16 as completed and signed by Mr Woodward are sufficient to comply with the requirements of section 24(3) of the Act regarding assignments. Specifically, the letter to MST Auctioneers and the Form TM16 are both in writing and signed by the assignor."

37. There are questions surrounding both parties' 'purchase' of the respective trade marks and whether the documents in the evidence, said to show purchase, could be said to be assignments in writing. The evidence filed by both parties is not coherent in this respect. However, I do not need to decide this particular issue, for the reasons I now go on to give.

[6] The form was stamped as received at the Intellectual Property on 15 July 2011; therefore the date of signature on the form, 12 July 2010, must have been an error and should have been 12 July 2011.

38. The controlling mind behind Native, Ms Hicks, and the controlling mind behind Woodward, Mr Woodward, are both the directors of the applicant, each having a 50% share of the company. A 50% share of control means that the owner of that share cannot assign, dispose of or alter any of the company's assets without the other's consent (see the decision of the registrar in BL O/121/06 *ATOTA*[7]). It is clear from the evidence that Mr Woodward and Ms Hicks are in deadlock over the fate of the applicant.

39. It is common ground between the parties that its two directors had agreed, verbally, in July/August 2010 that the applicant would be split between them. Mr Woodward was to buy Ms Hicks' share and she would use the money to buy the disputed Native Pony trade mark and associated stock. Mr Woodward was to have the applicant company and the Comfort Saddles trade mark. Ms Hicks claims that Mr Woodward has gone back on his word. Mr Woodward claims that no agreement was ever finalised and that even if it was, the actions of Ms Hicks have voided that agreement so that none existed at the date of her assignment. The applicant/Mr Woodward submits in the Native Pony case that Ms Hicks herself has behaved as though no finalised agreement ever existed because her petition to the County Court, filed in December 2010, said[8] (my emphasis):

> "In August 2010 the company's accountants prepared an informal valuation of the company on the instructions of the petitioner [Ms Hicks] and the first respondent [Mr Woodward] and on the basis of that valuation, the parties *agreed in principle terms* for the purchase by the first respondent of the petitioner's shares in the company. The first respondent however failed to proceed with the proposed sale and purchase and despite the petitioner's repeated requests he has refused either to agree to mediate or to attend a meeting with the petitioner and the parties' professional advisors *for the purposes of seeking to agree final terms* for the purchase by the first respondent of the petitioner's shares in the company, or in the alternative for the petitioner to purchase the first respondent's shares in the company." (My emphasis.)

The applicant/Mr Woodward, in the Native Pony case, also submits (my emphasis):

> "21. It is evident from the subsequent behaviour of both Andrea Hicks and Dean Woodward that *neither considered a settlement to have been concluded*. Within months of the agreement being reached in principle, both Andrea Hicks and Dean Woodward removed stock and dealt in intellectual property rights owned by the applicant that were intended to form the core of any settlement between them."

40. The applicant/Mr Woodward goes on to submit (Native Pony case) that, even if it should be considered that there was a concluded agreement, Ms Hicks' subsequent actions breached the terms of any settlement. Examples which the applicant gives

[7] This decision was appealed to the Appointed Person who found that the appeal was not properly constituted; but commented that he would have come to the same decision as the hearing officer for the case.

[8] Exhibit DW5.

are her removal of office equipment and the company van. The applicant submits (footnotes omitted):

> "34. Mr Woodward's subsequent actions in removing most of the remaining Comfort Saddles and ReactorPanel branded stock was not only a commercial decision in order to prevent any further interference with the business, but was an exercise of his right to terminate performance of the contract. In doing so, he made it clear that he regarded the contract as no longer valid and was an unequivocal communication of his intent to Andrea Hicks.
>
> 35. ...
>
> 36. Alternatively, the behaviour of the parties identified above amounted to a mutual rescission of any agreement reached. Their actions indicated that neither party considered the agreement to be in place....there is significant disagreement between the parties as to the factual history of this case and, in particular, who was responsible for various actions. Despite this conflict, it is clear from whichever account is adopted that a number of actions were undertaken by both of the parties that were at odds with even the outline terms of the agreement that had been reached."

41. From the evidence and the submissions of the parties, it would appear that no agreement on final terms as to which of the applicant's assets were to go where was ever reached. If one was reached, the subsequent behaviour of both parties has rescinded any such agreement. The applicant's/Mr Woodward's submissions in the Native Pony case, set out immediately above, have clear implications for Mr Woodward's filing of the assignment in respect of the Comfort Saddles trade mark. He cannot on the one hand claim that Ms Hicks' assignment action was invalid for these reasons but that his own assignment action was valid. Similarly, the arguments are contradictory in relation as to what constitutes as assignment in writing. At the date on which Mr Woodward claims that his own company took ownership of the Comfort Saddles trade mark, on 8 November 2010, he did not consider that there was any agreement because he states, (in both cases):

> "7. During the period from at least July to October 2010, Miss Hicks' actions in respect of myself and the Applicant took a destructive turn.
>
> ...
>
> 11. It was not possible to reach any final agreement regarding the division of Saddle Exchange Ltd. in August or September 2010 as approval first had to be sought from HMRC. This was the reason why I was unable to agree the split at that time, not, as Miss Hicks suggests in paragraph 4, simply a result of my instigating delays. This approval was not received until 25 October 2010. As indicated above, by this time the Applicant had stopped trading and its bank account had been frozen and so it was no longer possible to proceed with any settlement that had been agreed. Moreover, for the reasons discussed in paragraphs 7 and 8 above, the underlying basis for any agreement between us had radically changed by this point as a result of Miss Hicks' actions. I also now had no reason to believe that Miss Hicks would

stick to her side of the agreement given her recent actions in respect of myself and the Applicant.

12. Accordingly by this stage, there was definitely no agreement between myself and Miss Hicks on the manner in which the business of Saddle Exchange Ltd. should be split."

42. At the date of each assignment, there was no concluded agreement. Mr Woodward has stated as such, as set out above. The effect of Ms Hicks' petition also shows that there was no concluded agreement. There was no consent on the part of either of the applicant's co-directors to the assignment of the two trade marks. The trade marks are assets of the applicant. Without the consent of each director to a change of ownership in respect of any of the assets, including the trade marks, there is deadlock. It follows that there could not be a valid change in ownership of the trade marks to either director's new company and, therefore, the filing of the assignment recordals, the TM16s, were invalid. As there were no valid assignments, the consequential conclusion is that the current entry in the register which shows Native Pony & Cob Saddles Ltd as the registered proprietor of trade mark number 2430493 is incorrect and the current entry in the register which shows Woodward & Woodward Limited as the registered proprietor of trade mark number 2437817 is incorrect. **Both parties' respective applications for rectification of the register succeed.**

Outcome

43. I direct that the trade mark register shall be rectified to record the registered proprietor of both trade marks as Saddle Exchange Limited:

(i) The name of Native Pony & Cob Saddles Limited shall be removed as registered proprietor of trade mark number 2430493. The recorded name of the registered proprietor shall revert to Saddle Exchange Limited. The effect of my decision is that the recordal of the change of ownership to Native Pony & Cob Saddles Ltd shall be deemed never to have been made.

(ii) The name of Woodward & Woodward Limited shall be removed as registered proprietor of trade mark number 2437817. The recorded name of the registered proprietor shall revert to Saddle Exchange Limited. The effect of my decision is that the recordal of the change of ownership to Woodward & Woodward Limited shall be deemed never to have been made.

Costs

44. The applicant/Mr Woodward, in the Native Pony case, has asked for actual costs based upon what is referred to as "much delay" caused by the proprietor (Ms Hicks), including a request for an unnecessary case management meeting, submitting evidence in an incorrect format, failing to copy the Applicant in correspondence with the Intellectual Property Office, and attempting to file inadmissible evidence. In relation to the request for a case management meeting, none was appointed because I did not deem it necessary. Ms Hicks was self-represented and it is not unusual for self-represented litigants to make formatting

mistakes in evidence. None of these events are particularly unusual in proceedings before the Office; certainly, I do not consider this to be behaviour that is so unreasonable that an award off the scale is appropriate. As for delays, I note that in the Comfort Saddles case, the boot was on the other foot. Woodward/Mr Woodward asked on two separate occasions for extensions of time (which were granted). The first of two months was to enable the newly appointed Mewburn Ellis LLP to get up to speed with the case; in other words, was caused by Mr Woodward being self-represented up until that point. The second extension related to Mr Woodward's failure to retain a copy of the TM16 which he filed and the requirement to obtain a copy from the Office. Further, the Office would not accept Mr Woodward's evidence in reply whilst it contained personal financial information. I consider that there is a cancelling out in terms of the conduct of the parties.

45. The applicant has been successful in both cases against the companies owned by Ms Hicks and Mr Woodward. Ordinarily, it would be entitled to costs in relation to both actions. However, as is evident from the nature of the applicant and its directors, it is really Ms Hicks and Mr Woodward who have brought these actions against each other in the name of the applicant. It seems to me that if I were to award scale costs to the applicant in the two cases, the real world situation will be that the directors will, effectively, be paying each other the same amount of money. I have decided that the fairest, most proportionate and most sensible course of action is to make no cost award.

Dated this 19th day of November 2013

Judi Pike
For the Registrar,
the Comptroller-General