

O-476-13

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2571710
IN THE NAME OF STEPHEN LEATHERLAND & KARIE MUSSON
OF THE TRADE MARK**

THE NAKED TRUTH

IN CLASS 41

**AND
THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO 84265
BY
DAVE SIMPSON**

Background and pleadings

1. THE NAKED TRUTH is a trade mark registration owned by Stephen Leatherland and Karie Musson for “entertainment live performance” in Class 41¹. They applied for the mark on 9 February 2011 and it completed the registration procedure on 3 June 2011.

2. Dave Simpson applied for a declaration of invalidity of the registration, under section 47(1) of the Trade Marks Act (“the Act”) on 11 January 2012. This section provides:

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

Mr Simpson claims that the mark was registered in bad faith, under section 3(6) of the Act. This section provides:

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

Section 47(6) of the Act provides:

“(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.”

3. Mr Simpson claims:

“THE NAKED TRUTH is the name of my stage play to which I own all the rights. Stephen Leatherland and Karie Musson are directors of Theatre Productions Ltd who owned the licence to produce my play until recently. That licence was terminated because of non payment of royalties. Stephen Leatherland and Karie Musson produced 5 tours of my play, the last one, which finished on June 11th 2011, is the one where I am owed considerable royalties. They knew I would not extend the licence to produce a further tour which is why they applied to Trademark the title of my play. The Trademark was registered without my knowledge as a cynical ploy to prevent me using the title of my own play in future productions. This constitutes bad faith and is a restriction of my right to trade.”

4. Stephen Leatherland and Karie Musson filed a counterstatement in which they admit that there is a stage play called THE NAKED TRUTH but can neither confirm nor deny any rights owned by Mr Simpson in the play. They deny that Mr Simpson owns copyright on the basis that copyright either would not subsist in such a title, or if copyright does subsist in the title, they deny that Mr Simpson owns all or any rights in such a title. Mr Leatherland and Ms Musson claim that they created the concept

¹ Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

of THE NAKED TRUTH and that they created the title of THE NAKED TRUTH for the concept. They claim that they commissioned Mr Simpson to write a play using the title THE NAKED TRUTH which they had created, based upon the concept which they had created. Mr Leatherland and Ms Musson deny that Mr Simpson terminated a licence to produce the stage play THE NAKED TRUTH because of non payment of royalties. They accept that there is a dispute over royalty payments between the parties, but they deny that they owe Mr Simpson any royalties. They put Mr Simpson to proof in his claim that they registered the trade mark without his knowledge and they deny that registering the trade mark was a cynical ploy.

5. Both sides filed evidence and were given the option of a decision being made after a hearing or from the papers filed. Mr Simpson opted for the latter; the proprietors were silent about this choice. Neither side filed submissions in lieu of a hearing, although Mr Simpson filed written submissions with his evidence.

Mr Simpson's evidence in support

6. In his witness statement of 10 August 2012, Mr Simpson states that he is the writer of the "The Naked Truth" play, which is a comedy about a group of women, set in a pole dancing class. It ran for five consecutive productions from 2007 to 11 June 2011. Mr Simpson has been a playwright for thirty years, having written for the "Emmerdale" team (for five years), "The Bill", "Coronation Street" and some stage plays, including The Naked Truth.

7. Mr Simpson states that he went, with his wife, to Mr Leatherland and Ms Musson's house one evening in the spring of 2006 to discuss an idea that Mr Leatherland wanted to run past him. Mr Leatherland had an idea to produce a stage play and he wanted to commission Mr Simpson to write the script. Mr Simpson states that the four of them came up with various titles for the play. Mr Simpson states:

"It is my recollection that, as we were calling out titles, my wife Diane called out "The Naked Truth", although I cannot say this with absolute certainty as we were all throwing out names. This is how the play evolved."

Programme notes for the play are exhibited at DS2, showing Mr Leatherland as producer and Mr Simpson as writer. Mr Simpson states that Mr Leatherland asked him to write the programme notes. They give information about how Mr Simpson came up with the storyline and his wife's encouragement that he should accept the commission to write the play:

When Stephen Leatherland, the Producer of The Naked Truth, first approached me to write a play about pole dancing I was very reticent. He'd come to me because I'd already written Girls' Night Out which was a successful play about a group of women going to see some male strippers. But I felt the subject matter of pole dancing was altogether different and more dangerous territory for the subject of a drama. In male stripping the women go to have a good laugh at the men - the opposite of men visiting female strippers - it's fun, it's a huge laugh. But by very nature of pole dancing - women performing provocative moves around a pole - staging such a drama could be exploitative.

It was the two women in our lives who changed my mind, Stephen's partner, Karie, and my partner, Diane. Karie already knew that many women were going pole dancing as a different form of exercise and Diane said if the play was about ordinary women of different ages, backgrounds, shape and size, it could be a funny world to explore. So I agreed to go away, come up with characters, their stories, a plot-line. This I did, and Stephen commissioned me to go ahead and write a first draft.

But then the next problem - how to research it?

I didn't feel comfortable about visiting a pole dancing club. Anyway, my women weren't actual pole dancers. They had no desire to be pole dancers, they were attending classes for lots of different reasons, becoming a pole dancer wasn't one of them. But I did need to write pole dancing moves in the script, how could I do that if I didn't do some research? Then I came up with an idea.

Diane got a shock when a DVD of pole dancing arrived in the post for her. I'd gone on the web, discovered you could order pole dancing videos, but being too shy to order in my own name, ordered one in hers (though I paid for it!). I have to say it hasn't tempted her to go on a pole (nor me) but it was initially useful.

So I started the script. I've been asked many times how a man can write about and understand female characters. My answer has always been that being a man doesn't preclude you from writing about or understanding female characters. Some of the best and most successful plays with women as the central characters have been written by men (Willy Russell's Shirley Valentine and Rita, Ackbourne's A Woman in Mind are only three of many examples). I've always enjoyed writing comedy for women - the women in Girls' Night Out were the driving force of the play and my stage play and screen adaptation of Raving Beauties is set mostly in a dressing room of a beauty contest in the 80's. I also enjoy the company of women and I'm a good listener - and take a lot of mental notes!

I had to do a lot of that while writing The Naked Truth. Here's one example. Diane and I run writing courses in Turkey from May till the end of June (www.writeonholiday.co.uk). I was writing the play while over there. The novelist, Stella Duffy, was running a course for us and she had mostly women participants. One night nine of us went for a meal, I was the only man, and when they found out I was writing a play about pole dancing, the stories started tumbling out. One of the party had actually been pole dancing with a few of her mates and they had a great laugh. And as the drink flowed the conversation turned to men and sex, vibrators and Haagan Daz ice cream and electric tooth brushes - and when you've seen the play you'll know where my sources came from! It was all true, they gladly let me use that material and I thank them all for it.

I hope you enjoy the play as much as I enjoyed writing it.

8. Mr Simpson states that he entered into a contract on 1 June 2006 with Theatremaster Ltd, a company of which Mr Leatherland and Ms Musson are directors. A copy of the contract is shown as exhibit DS3. He states:

"10. As part of the agreement between Theatremaster Ltd and me, and in exchange for payment of royalties to me, I exclusively licensed my rights in the show to Theatremaster Ltd for a period of five years (from the date of the last performance of the first production of The Naked Truth Show). The Contract gave Theatremaster Ltd the right to use my script and the title "The Naked Truth" and to produce the stage show throughout the relevant period only. We agreed that it was for a fixed term only. My intention was that the Contract did not give Theatremaster Ltd or its directors the right to register the title "The Naked Truth" as a trade mark or at all or use it for any period beyond the fixed five year term.

11. I did not obtain any legal advice on the contents of the contract and I am now aware, after my current solicitors have explained matters to me, that the wording in clause 18 may look like I permanently transferred my rights in the play to Theatremaster Ltd. This is categorically not the case. Also, it is clear from clauses 1 (royalty payments) 20 (term), 21 (assignment/licence) and 29

(reasons for loss of licence) that the Contract is always was meant to be a licence and that such licence would end within five years of the last performance of the first production. I also now understand that if I had assigned the rights, I would have more likely received a one-off "buyout" fee, rather than the royalty payments agreed between the parties. I believe that the fact that the Registrants did not apply to register the Trade Mark until some four months before the last run of the show, four years after its initial opening, and without informing me, supports the view that the Registrants knew full well that they had no such rights to register the Trade Mark."

Clauses 1, 18, 19, 20, 21 and 29 are shown below:

IT IS AGREED AS FOLLOWS

1. A. The Manager will pay for the Writer a one-off fee of £12,000 payable against royalty based on an equal royalty in the sum of 4% of the net box office receipts for the first tour of 'Naked Truth' or prior to recoupment, whichever is the earlier.
 B. A royalty of 5.5% for any subsequent tours rising to 6% after recoupment.
 C. A royalty of 7% after double recoupment.

For the purposes of this clause 'net box office receipts' shall be defined as either:
 1.1 the actual gross box office receipts from the sale or admission of each public performance of the Show to the paying public less only library and credit card discounts, commission on party bookings, entertainment tax, and VAT; or
 1.2 any sum guaranteed to the Manager in lieu of a share of the net box office receipts.
 1.3 any rewrites agreed during the rehearsal shall be covered by the Writer's fee.

18. (i) The contents and formula of the show, musical or otherwise, remains the copyright of the Manager and may not be duplicated either directly or indirectly.
 (ii) The Writer hereby acknowledges that all rights whatsoever throughout the world or in any way attaching to the musical play, photographs, sound recordings, or any other rights including all rights of copyright therein, and in any written or other material contributed by the Writer and all and any such rights in such material which may belong to the Writer by any act, international arrangement or convention are hereby waived and assigned to the Manager, including all and any so-called moral rights.
19. The Writer and ~~the Manager~~ declare that:
 19.1 ~~the Writer and the Manager~~ are the authors of the Show and ~~are~~ owners of all copyright in the Show and are in full control of the rights conferred on the Manager.
 19.2 The Show has not been previously performed professionally.
 19.3 To the best of their belief the Show contains no defamatory matter or anything that contravenes the provisions of the Theatres Act 1988.

20. The Writer grants the Manager the exclusive rights to present the Show in its original production in:
 i) the British Territory.
 ii) play venues abroad only so long as these are named in the tour schedule.
 The Term in the British Territory shall be a fixed period from the date of this agreement until five (5) years from the date of the last performance of the first production of the Show by the Manager in the British Territory or if the Show is produced in the West End of London by the Manager until five (5) years from the date of the last performance of such West End production and shall continue thereafter for so long as the Manager gives or causes to be given a minimum of fifty (50) performances of the Show in any or all of the said Territories in each period of twelve (12) months dating from the expiration of the said five year period.

21. The Manager shall not assign the benefit of this Agreement without the previous written consent of the Writer but the Manager shall be entitled to grant all normal and customary sub-licences of the rights granted to him hereunder provided that the Manager remains primarily liable for the observance and performance of all his obligations hereunder.

29. Nothing herein contained shall require the Manager to produce the Show and in the event of non-production the Manager shall lose his licence in accordance with the terms of this Agreement but shall be under no obligation or penalty to the Writer or otherwise in respect of such non-production.

The “Manager” is Theatremaster Ltd because the signature states “For and on behalf of The Manager (Theatremaster Ltd)”.

9. Mr Simpson states that it is “industry policy” for writers to licence the rights in plays and not to assign them because, otherwise, the writer would not be entitled to any revenue stream and to exploit the play’s success. He exhibits three contracts which he signed in 1992, 1998 and 2011 which he states show that he licenses rather than assigns the rights in his plays. Mr Simpson states that exploitation of the rights in his works through licensing is his lifeblood and his sole income. He states that Theatremaster Ltd asked him to attend castings and do re-writes, and that this shows a licence was in operation and not an assignment.

10. Mr Simpson exhibits at DS7 a selection of press articles which he states show that the play is synonymous with him, such as “by Dave Simpson”, “Dave Simpson’s play”, “THIS Dave Simpson play”, “Dave Simpson’s The Naked Truth”, “Dave Simpson’s smash-hit comedy play, the Naked Truth”, “THE NAKED TRUTH written by Dave Simpson” etc. The publications are “behind the arras” (June/July/August 2011), Oxford Times (2 March 2011), Glasgow’s Pavilion Theatre publicity (June 2009), UK Theatre Net (29 March and 25 May 2011) and Journal Online (5 October 2011). I note that clause 11 of the contract states:

“11. The Manager agrees to credit the Writer on all publicity including posters and programmes. Credit: Written by Dave Simpson”.

11. Mr Simpson states that at no point did Mr Leatherland and Ms Musson tell him they were planning to register the mark. At the time of filing, the play was still being shown by their company, Theatremaster Ltd. He also states:

“18. Even if Theatremaster Ltd, with whom I had entered into the contractual arrangement, were entitled to register such a mark (which I deny), Stephen Leatherland and Karie Musson as individuals were most certainly not, and I cannot see upon what possible basis they could apply as joint registrants.”

12. He states that rights in the show were certainly not licensed to individuals and so Mr Leatherland and Ms Musson have no legitimate rights in the mark because the contract was between Mr Simpson and Theatremaster Ltd. Mr Simpson states that he wrote to Theatremaster Ltd on 13 October 2011 in relation to non-payment of royalties and his share of box office receipts which were due to him under the contract. He had not been paid since 16 September 2011. He also notified Theatremaster Ltd that he formally accepted the failure to pay him as a repudiation of the contract and that all rights in the play reverted to him. Theatremaster Ltd did not respond to the letter and so Mr Simpson sent a letter before action on 23 November 2011. He states that no replies or payments have been made. Two weeks later, on 11 December 2011, an application was made to strike off the company from the Companies Register. The request was withdrawn on 20 January 2012 and an objection was also received to the striking off, although Mr Simpson does not know who objected. He states (paragraph 30):

“I believe the Registrants registered the Trade Mark as individuals because, at the time of filing the trade mark application, they knew that they were going to

apply to wind up Theatremaster Ltd and that Theatremaster Ltd would lose all rights to The Naked Truth as a result of this...this could very well be the reason that the Registrants applied to withdraw their application for strike off, they may have realised that the rights would either go to the Crown or would revert back to me.”

13. Mr Simpson states that when he terminated the contract in October 2011, prior to the end of the five year term provided for under the contract, all rights, including the title, reverted to him. He states that Mr Leatherland and Ms Musson knew that he would not extend the licence to produce a further tour and that this is the reason they applied to register the mark, as a blocking registration, so as to prevent him from using the title of his own play in future productions.

Karie Musson’s evidence in support

14. Karie Musson’s first witness statement is dated 15 October 2012. She describes herself, and Mr Leatherland, as theatrical impresarios. They put on plays, coming up with ideas, commissioning the script, hiring venues and actors and so on. She disagrees with Mr Simpson’s recollection of events as to how the play came about. She states:

“Mr Stephen Leatherland and I had holidayed together with Mr Dave Simpson at a New Years Eve Party in Mallorca prior to 2006. We, Mr Stephen Leatherland and I had used the services of Dave Simpson prior to 2006 to re-write a play called “One Step Beyond” so we already had a relationship with Mr Dave Simpson.

7. Mr Stephen Leatherland conceived of an idea for a play, which for the record was based on an idea we had seen in a previous script called “Poles Apart” which was about pole dancing. Having read the script for “Poles Apart”, Mr Stephen Leatherland came up with the title “The Naked Truth”. Several months later Mr Dave Simpson and his wife came to stay with us for the weekend, during which Mr Dave Simpson read the copy of “Poles Apart” which we passed to him. Mr Stephen Leatherland and I had worked on the idea to have a play written along the same lines as the film CALENDER GIRLS i.e. one which had a charitable element to it, but included pole dancing...

8. In paragraph 8 Mr Dave Simpson states it was his recollection his wife came up with the title for the play. We did discuss titles but Mr Stephen Leatherland has confirmed he was going to call the play the “The Naked Truth”, i.e. if we were going to commission the piece to be written it would have the title “The Naked Truth”.

15. Ms Musson states that she and Mr Leatherland did not agree to a fixed term only; she states that it is common practice to fix an initial period for a production to allow for review from both sides. She states that she and Mr Leatherland viewed the play as their ‘baby’, having created it, paid for it to be written, auditioned cast and crew and paid all the wages whether the play made a profit or a loss. She considers the contract to be an assignment. Ms Musson states that if Mr Simpson had come to

them with a fully written play and a title, the position may have been different, but this was not the case. They came up with the idea and title and commissioned Mr Simpson to write the play for a commissioning fee, which she states is in the contract.

16. Ms Musson states:

“17. Dave Simpson’s comments in his Witness Statement suggest that we somehow had evil intentions when we filed the trade mark and that the time was particularly relevant to his position. The answer to why we filed the trade mark at that time is much less interesting, we became aware of trade marks and realised that we needed to protect them. This was part of a schedule of trade mark filings which we did at and around that time. The same day that we filed the trade mark registration for the NAKED TRUTH we filed for THE SHAOLIN WARRIORS there is now produced and shown to me marked EXHIBIT KM001 which shows details of these trade mark that Mr Stephen Leatherland and I filed at that time.”

17. Ms Musson disagrees that it is industry policy for writers not to assign rights in their plays. She exhibits (KM002) another contract, made in 2007, between Mr Simpson and Theatremaster Ltd² which she refers to as “assigning rights to us”. She states:

“20. In terms of the reputation in the Naked Truth, a title that Mr Dave Simpson did not come up with and does not own and for something that he has no investment in, I cannot see that he has reputation in a play which he assigned to us. He wrote it under our commission and we would always confirm he was the author as this is how the theatre works, but that is all the play reviewers are really doing when they mention him as the author, nothing more.”

18. In reply to Mr Simpson’s point regarding the filing of the trade mark in the directors’ names, Ms Musson states:

“Mr Leatherland and I considered it appropriate to file the application in our own names and I still think it is appropriate. We create a company for each show we put on and when the show has run its course we close the company down. Rather than having to change owners all the time we file the application in our own names.”

Mr Leatherland’s evidence in support

19. Mr Leatherland’s witness statement is dated 12 October 2012. It runs only to two paragraphs, in which Mr Leatherland states that he stands by the contents of Ms Musson’s witness statement of 15 October 2012.³

² The wording is identical, save that the play Mr Simpson was commissioned to write was called “The Sex Factor”.

³ It does not appear to me that anything turns upon the fact that Mr Leatherland’s statement is dated three days before Ms Musson’s.

Mr Simpson's evidence in reply

20. Mr Simpson's second witness statement is dated 5 December 2012. He refutes Ms Musson's version of events about the conception of the play and its title. He states that there is "no way" he would have assigned his rights; he considered the contract was for a five year licence. Mr Simpson considers it strange that Mr Leatherland and Ms Musson would have included a five year term in the contract if they did not consider it to be a licence. He disputes Ms Musson's claim that this is standard industry practice in order to allow both sides to review the production. He states it is just a straight five years fixed term, at the end of which a producer may wish to extend the contract, in which case a new contract is drawn up with the writer. The other producers he works with, Mr Simpson states, all licence a play only for a finite period. Mr Simpson exhibits (DS14) responses from producers whom he asked for their views on this point. This evidence is hearsay, as are other emails within Mr Simpson's evidence which have not been adduced by witness statements from the writers of the emails. One of the emails is from Tim Johnson at Equity⁴, dated 8 October 2012, regarding an alleged habit of Mr Leatherland and Ms Musson in dissolving their limited companies rather than paying their debts. The Equity email refers to Mr Leatherland and Ms Musson being placed upon the 'Special Attention List' at an Equity Council meeting. Another email is from Steve Burbridge, a playwright who says he was in dispute with Theatremaster Ltd/Mr Leatherland/Ms Musson in relation to payment for a play.

21. In relation to Ms Musson's evidence that companies are closed down at the end of a run of productions, Mr Simpson exhibits flyers for⁵ "The Eva Cassidy Story" which toured between 3 September 2011 and 5 November 2011 showing "Theatremaster proudly presents". I note that this was before the date on which Mr Simpson states that the application was made to strike off the company Theatremaster Ltd. Mr Simpson states that, according to the Companies Act 2006, a company must not have traded or otherwise carried on business for three months prior to a declaration to voluntarily strike off a company is submitted. The application was submitted on 11 December 2011 (exhibit DS9). Mr Simpson states that Theatremaster Ltd was presenting a production during the period when a declaration was made that the company was not trading.

Ms Musson's further evidence

22. Ms Musson's second witness statement is dated 12 March 2013. She states that there was no agreement with Mr Burbridge and that the dispute with him was a 'one-off' and that there have been no other disputes with script writers. Exhibit KM003 shows a court document recording that a claim against Theatremaster Ltd, Mr Leatherland and Ms Musson by Mr Burbridge was struck out. Ms Musson refutes "most strongly" that either she or Mr Leatherland have been blacklisted by Equity and that they have not been informed about being placed on the Special Attention List, which refers to companies which are no longer trading. She states:

⁴ Exhibit DS18.

⁵ DS17.

“We own the Trade Mark because we commissioned the Show, conceived it, created it, nurtured it, risked it and lived it.

I do state that it is not industry practice for a Producer to be the Casting Director, Director and to have such close artistic control of the piece conceived as was the case with Mr Leatherland. The Producers mentioned by Mr Simpson do not produce their own work. Almost, without exception, they have picked up pre-existing productions and therefore were only offered a licence for these productions. I also understand that Mr Ronan and Mr Simpson are close personal friends⁶”

...The reason we have the Trade Mark in our own name is that it wasn't the company that came up with the idea, devised it and nurtured it. It was the personal blood, sweat, tears and heartache that myself and Stephen Leatherland personally endured...We never register trademarks in the name of the company because other companies might end up producing the same works.”

23. In relation to the application to strike off Theatremaster Ltd, Ms Musson states that this was retracted by their accountant and was, originally, made in error. She states that the company has ceased trading and there is a proposal to strike off, as shown in exhibit KM004.

Decision

Section 3(6)

24. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La*

⁶ This is a reference to the hearsay emails mentioned in paragraph 20 (exhibit DS14) from other producers.

Mer Technology Inc v Laboratoires Goemar SA [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

25. Some of Mr Simpson's evidence is hearsay. Such evidence is admissible under rule 64(1)(b) of the Trade Mark Rules 2008, but its weight has to be assessed according to the various factors set out in section 4 of the Civil Evidence Act 1995:

"4.— Considerations relevant to weighing of hearsay evidence.

(1) In estimating the weight (if any) to be given to hearsay evidence in civil proceedings the court shall have regard to any circumstances from which any inference can reasonably be drawn as to the reliability or otherwise of the evidence.

(2) Regard may be had, in particular, to the following—

(a) whether it would have been reasonable and practicable for the party by whom the evidence was adduced to have produced the maker of the original statement as a witness;

(b) whether the original statement was made contemporaneously with the occurrence or existence of the matters stated;

(c) whether the evidence involves multiple hearsay;

(d) whether any person involved had any motive to conceal or misrepresent matters;

- (e) whether the original statement was an edited account, or was made in collaboration with another or for a particular purpose;
- (f) whether the circumstances in which the evidence is adduced as hearsay are such as to suggest an attempt to prevent proper evaluation of its weight."

26. The filing of a hearsay statement inherently comes with the risk that the tribunal may assess its weight at a lower level than that which the party considers it should carry. An aspect which affects the weight of the particular evidence in this case is that it has been solicited for the proceedings. Ms Musson has sought to respond to the content without being able to cross-examine the writers of the emails. The hearsay evidence, in my view, carries little weight, not least because it is not contemporaneous historical evidence, and there may be business relationships and/or friendships between the writers and Mr Simpson, according to Ms Musson. The Equity evidence is more likely to be neutral, but I am not sure that it shows very much when viewed against the issues to be decided in these proceedings.

27. The material date for assessing the ground of bad faith is the date of the filing of the application for registration. In order to decide whether the application was made in bad faith, it is necessary to decide what Mr Leatherland and Ms Musson knew on 9 February 2011 and then to decide whether filing the application fell short of acceptable commercial behaviour. Both sides have made statements about what is and what is not common industry practice. I note that although certain behaviour might have become prevalent, this does not mean that it is acceptable⁷.

28. Since it impugns the character of an individual or the collective character of a business, an allegation of bad faith requires cogent evidence from the party making the accusation. I have already given my views on the hearsay evidence of Mr Simpson. The two main aspects to both side's evidence appear to be (i) the genesis of the mark and (ii) the meaning and status of the contract. There has been no request by either side to cross-examine Mr Simpson or Ms Musson. The evidence in relation to the genesis of the mark/the play title and the play itself has the character of one witness's word against the other's. *Copinger and Skone James on Copyright*, fifteenth edition, 3-43 states:

"...the idea for a dramatic work is not itself protected by copyright. What is protected is the form in which that idea is expressed."

Ms Musson is adamant that Mr Leatherland came up with the name for the play. Mr Simpson recalls that his wife said it first, although he "cannot say this with absolute certainty as we were all throwing out names". Mr Simpson relies upon the programme notes which he states he was asked to write as proof that Mr Leatherland and Ms Musson know that the storyline was his idea. I do not think this point proves so much; with Mr Simpson being credited in publicity as the writer, programme notes from him would look more convincing to an audience than programme notes from a producer. This piece of evidence is not particularly determinative, considering that it was written into the contract, at clause 11:

⁷ *Harrison v Teton Valley Trading Co* [2005] FSR 10.

“The Manager⁸] agrees to credit the Writer on all publicity including posters and programmes: Credit: Written by Dave Simpson.”

29. In relation to the press articles which Mr Simpson states show that the play is synonymous with him, it was agreed that he would be credited in publicity. This does not, of itself, mean that the trade mark was applied for in bad faith by Mr Leatherland and Ms Musson. On the other hand, there must have been a belief by Mr Leatherland and Ms Musson that Mr Simpson owned the rights, hence the requirement to have a contract which Ms Musson maintains was an assignment from Mr Simpson of his rights. These rights are referred to in Clause 19 which provides that the writer declares that he is the author of the show and owner of all copyright in the Show and is in full control of the rights conferred on the manager (the company). Clause 18 refers to all or any rights which may belong to the writer being waived and assigned to the manager (the company). This would appear to include the title THE NAKED TRUTH: the form of engagement at the start of the contract states that the manager (the company) engages the service of the writer to write the show entitled “NAKED TRUTH”, complete with dialogue and stage directions. Ms Musson refers throughout her evidence to the fact that the contract was an assignment.

30. The judgment in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch) refers to matters such as the belief of superior rights in a trade mark when an application is made. Ms Musson repeatedly indicates throughout both her witness statements the personal ‘blood, sweat and tears’ investment made by her and Mr Leatherland; she refers to the play as their ‘baby’. She explains that at the time of filing the application, she and Mr Leatherland had become aware of the importance of trade mark registrations, and that this was not the only filing they made; she refers to “a schedule of trade mark filings”. So, they clearly understood the power of registered trade mark rights and the economic impact they can have upon the activities of others. At the date of application, they knew that the trade mark registration would prevent others, including Mr Simpson, from using it in relation to live performances. Filing a trade mark application is *prima facie* evidence of an intention to achieve such an outcome; to prevent others using the mark without permission is the intention of every trade mark applicant. I note that, by the date of Ms Musson’s last evidence, a period of two years had lapsed during which there was no evidence of the mark being used. Mr Simpson refers to the registration being a blocking registration, i.e. in the sense described in *Lindt v Hauswirth* at paragraph 44.

31. Ms Musson states that it was their practice to register trade marks to their own names rather than their companies. This represents Mr Leatherland and Ms Musson’s own standard of acceptable commercial behaviour. However, it might fall short of the standards of acceptable commercial behaviour as judged by the ordinary standards of honest people. It depends on all the factors relevant to these particular proceedings, which includes the contract. Ms Musson states that this is the standard contract which she and Mr Leatherland use in relation to their writers, and exhibits an almost identical version between their company, Theatremaster Ltd and Mr Simpson, signed in 2007. Of course, Theatremaster Ltd is legal entity entirely separate from

⁸ The ‘Manager’ in the contract is Theatremaster Ltd.

Mr Leatherland and Ms Musson. That Ms Musson understands this status is clear from her statements that:

“Mr Leatherland and I considered it appropriate to file the application in our own names and I still think it is appropriate. We create a company for each show we put on and when the show has run its course we close the company down. Rather than having to change owners all the time we file the application in our own names.”

“...The reason we have the Trade Mark in our own name is that it wasn't the company that came up with the idea, devised it and nurtured it. It was the personal blood, sweat, tears and heartache that myself and Stephen Leatherland personally endured...We never register trademarks in the name of the company because other companies might end up producing the same works.”

32. Ms Musson and Mr Leatherland (who stands by the contents of Ms Musson's evidence) were not parties to the contract signed between Mr Simpson and Theatremaster Ltd. Even if the wording of the contract means that Mr Simpson had signed away his rights in the play and its title (which he disputes), he did not sign them away to Ms Musson and Mr Leatherland. Mr Simpson states he repudiated the contract in October 2011. That was after the date on which the trade mark application was filed, on 9 February 2011. On this date, the contract between Theatremaster Ltd and Mr Simpson was still running. If either party repudiated it, the rights would have reverted to Mr Simpson. Ms Musson and Mr Leatherland knew that they had no personal rights to the trade mark because, as directors of the company, they had ensured, through the contract, that the intellectual property rights belonged to the company unless the contract was repudiated, in which case the rights belonged to Mr Simpson. They quite clearly knew that the company was legally separate from themselves, however much they saw the play as being their 'baby'. Any possible future repudiation of the contract between a third party (the company) and Mr Simpson would be affected by their applying for the trade mark. The rights were vested in the Manager (the company), not in the individuals. Under Clause 21 of the contract, those rights cannot be assigned without the written consent of the Writer (Mr Simpson). In BL O/094/11 *Ian Adam*, the Appointed Person (Mr Geoffrey Hobbs QC) said at paragraph 33:

“The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose.”

I consider that Stephen Leatherland and Karie Musson crossed that line when, on 9 February 2011, they applied for THE NAKED TRUTH as a trade mark in class 41 for “entertainment live performances”. Filing the application for the trade mark was unacceptable commercial behaviour, as observed by reasonable and experienced men in the field, considering what Mr Leatherland and Ms Musson knew about the matters in question. The application was made in bad faith. The application for a declaration of invalidity succeeds under section 47(1)/section 3(6) of the Act.

Outcome

33. The application for a declaration of invalidity succeeds under section 47(1)/section 3(6) of the Act. Accordingly, under section 47(6) of the Act, the registration is deemed never to have been made.

Costs

34. Mr Simpson has succeeded in this application to have the trade mark registration declared invalid and is entitled to an award of costs from the published scale⁹. Towards the end of the evidence stages of the proceedings, Mr Simpson made an application for an order of security for costs against Mr Leatherland and Ms Musson, on the grounds that Mr Leatherland was the subject of unsatisfied County Court judgments, as were companies owned by Mr Leatherland and Ms Musson. I held a case management conference at which Mr Keiron Taylor, of Swindell and Pearson Limited, represented Mr Leatherland and Ms Musson in order to resist the application. Ms Jo Bixby, of Davenport Lyons represented Mr Simpson. Mr Taylor put it to me that, although the registrar is not bound by the Civil Procedure Rules (“CPR”), he should look to them for guidance. There are no provisions in the CPR for an order against an individual resident within the jurisdiction. The Registrar’s Work Manual states “Requests by UK parties for security for costs from a party which is a national or resident in another member state party to the Brussels or Lugano Conventions may not be granted, unless very cogent evidence of substantial difficulty is provided.” I refused the application. As Mr Taylor pointed out, even if Mr Leatherland were to default in relation to any cost award which I might make, Ms Musson would be jointly and severally liable. I award costs as follows:

Preparing a statement and considering the counterstatement	£200
Official fee	£200
Filing evidence/submissions and considering the proprietors’ evidence	£1000
Total	£1400

⁹ Tribunal Practice Notice 4/2007.

35. I order Stephen Leatherland and Karie Musson, being jointly and severally liable, to pay to Dave Simpson the sum of £1400. 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 27th day of November 2013

**Judi Pike
For the Registrar,
the Comptroller-General**