

O/176/19

TRADE MARKS ACT 1994

TRADE MARK REGISTRATIONS 2591869 & 2591870

IN THE NAME OF TOTALLY OUTSOURCED LIMITED

AND

APPLICATIONS 502281 & 502292

BY STEVEN WORBEY AND KEVIN FARRELL

TO INVALIDATE THE TRADE MARKS

AND

TRADE MARK REGISTRATION 2554880

IN THE NAME OF TOTALLY OUTSOURCED LIMITED

AND

APPLICATION 84802 BY STEVEN WORBEY

FOR THE RECTIFICATION OF THE REGISTER

Background and pleadings

1. Trade mark 2554880 was applied for on 2nd August 2010 and registered on 12th November 2010 in class 45 in relation to *“dating services for the gay community provided via the Internet and mobile devices.”*

2. This is the mark.



3. The application to register the trade mark was filed in the name of 'BENDER.APP', which was described as a partnership.

4. On 18th August 2011, Steven Elliott applied on Form TM21 for the name and address of the proprietor to be changed to 'Steven Elliott t/a Benderapp.com Bender Social Networking Limited' at an address in Hove, Sussex. The form TM21 is for recording changes in the names and/or addresses of trade mark applicants or proprietors in accordance with section 64(4) of the Trade Marks Act 1994 ("the Act"). It is not for recording transfers of ownership of trade marks under s.25 of the Act. Therefore, the application form includes a declaration that *“there has been no change in the ownership of the mark.”* This declaration was duly signed by Mr Elliott's legal representative at the time, Be. Legal. Later, in 2014, trade mark 2554880 was assigned from Mr Elliott to Bender Social Networking Limited. Then, in January 2018, the trade mark was further assigned to Totally Outsourced Limited ("TOL"), which is the current registered proprietor.

5. On 19th August 2011, Mr Elliott filed trade mark applications 2591869 and 2591870. These marks consist of the words BENDER and BRENDA, respectively. The '869 mark is registered in class 9 in relation to *“Internet and mobile software applications.”* The '870 mark is also registered in class 9 (for the same goods as the

'869 mark) and in class 45 in relation to “*dating services for the lesbian community provided via the Internet and mobile devices.*”

6. Since these marks were registered (in early 2012) they have also been assigned twice. Firstly, to Bender Social Networking Limited in 2014. Secondly, to TOL in January 2018. Consequently, all three of the trade marks covered by this decision currently stand in the name of TOL.

7. On 11th July 2018, Mr Steven Worbey applied under s.64(1) of the Act for the register to be rectified in respect of errors or omissions in the register entries for trade marks 2554880 (BENDER & device) and 2591869 (BENDER). The original application revealed no possible grounds for rectifying the register in relation to trade mark 2591869. Consequently, that application for rectification was subsequently dropped and replaced (on 16th October 2018) with an application to invalidate trade mark 2591869. The rectifications sought in relation to trade mark 2554880 were later clarified to be:

- (i) The reversal of the change in the name and address of the proprietor effected by the form TM21 filed on 18th August 2011, i.e. the change which led to the proprietor being changed from ‘BENDER.APP, a partnership’, to ‘Mr Steven Elliott, Benderapp.com Bender Social Networking Limited’.
- (ii) Because of (i) above, the removal of the entries recording the subsequent assignments of the mark from Mr Steven Elliott to Bender Social Networking Limited, and then to TOL.
- (iii) The proprietor being recorded as Steven Worbey.

8. The stated grounds for the first rectification are that Mr. Elliott fraudulently represented that he was the owner of the trade mark, and that he had authority to request the change. Neither was true. In fact, Mr Worbey had registered and paid for the trade mark application. He had not agreed to Mr Elliott’s filing of the form TM21.

9. The third rectification was sought on the ground that there had been a “*mistake*” on the original trade mark application form by the true owner of the mark – Mr

Worbey – which resulted in the applicant being wrongly named as ‘BENDER.APP, a partnership’.

10. On 29th August 2018, Mr Kevin Farrell applied under s.47(1) of the Act to invalidate trade mark 2591870 (BRENDA) on the ground that Mr Elliott’s application to register the mark had been filed in bad faith. Consequently, the registration of the mark was contrary to s.3(6) of the Act.

11. As already mentioned, on 16th October 2018 Mr Steven Worbey made an application on the same grounds in relation to trade mark 2591869 (BENDER).

12. The grounds for asserting that Mr. Elliott had made the applications in bad faith were not clear. Consequently, the IPO requested that they be clarified and better explained. On 1st November 2018, the applicants filed amended applications. The stated grounds for invalidating the ‘870 mark (BRENDA) are shown below¹.

“Grounds

1) This application to invalidate is made because Steven Elliott acted in bad faith. It was in fact Kevin Farrell who invented the Brenda name in respect of a lesbian dating app, Elliott embarked on a process of deceit and stole both of the trademarks from their true owners.

3) (i) Through Isle Of Man bank accounts (ii) transfer of right to receive revenue of a company owned by Elliot's cousin (iii) using Cone Marshall Solicitors in New Zealand who specialise in concealing true beneficial owners (iv) liquidating a solvent company and declaring himself bankrupt to avoid creditors all falls into the category of falling below commercial standards.

4) Elliott declared himself bankrupt but continues to be involved and has a high level of influence with regard to Totally Outsourced Ltd which was also a significant beneficiary of large sums of cash immediately prior to the liquidation of the very solvent Bender Social Networking Limited. Again falling short of normal commercial standards.

¹ The omission of point 2) is not an error of reproduction. There was no numbered point 2).

5) *The theft of the trademarks for Bender and Brenda is nothing short of a convoluted fraudulent scheme to deprive Steven Worbey and Kevin Farrell of the profits to be derived from the use of the marks.*

6) *The trademarks Bender and Brenda have been used by Bender Social Networking Ltd without the consent or return of financial benefit to their true owners Steven Worbey and Kevin Farrell.*

7) *Both Bender and Brenda are marks which run together such as iPad, iPhone etc*

8) *A reasonable estimate of the value of the apps which use the marks is £1m. Steven Elliott through Bender Social Networking Ltd and his proxy Totally Outsourced Limited has acted in the utmost bad faith.*

In summary this registration of UKTM2591870 Brenda - Classes 9 and 45 should be invalidated in accordance with Tribunal Practice Note TPN4/2008 S15 because the conduct of the applicant Steven Elliott was dishonest and furthermore his conduct has fallen well below normal commercial standards in his behaviour as a director.”

13. Save for the claim that Steven Worbey rather than Kevin Farrell ‘invented’ the BENDER name, the claim in respect of the ‘869 mark (BENDER) was the same. Additionally, Mr Worbey also relies on the fact that Mr Elliot applied to change the name of the owner of trade mark 2554880 (BENDER & device) around the time he submitted the application to register BENDER as a word mark. Further, although not expressly mentioned in the pleadings, the covering letter dated 29th October 2018 from the party representing Messrs Worbey and Farrell (Edgeburn Properties Limited) stated that Mr Elliott had made a “*false statement*” to the IPO about the BENDER trade mark.

14. TOL filed counterstatements denying the grounds for rectifying the register in relation to trade mark 2554880 and invalidating the registration of the ‘869 and ‘870 marks. I note that TOL:

- Accepts that Mr Worbey applied to register trade mark 2554880;

- Denies that he was the owner of that trade mark when he did so;
- Asserts that Mr Elliott was the owner of the mark because (i) he was the owner of the domain name benderapp.com, and (ii) he devised the logo element of the mark;
- Accepts that during discussions in 2009 between Messrs Worbey, Farrell and Elliott in 2009, it was Mr Worbey who came up with the name BENDER, and Mr Farrell who came up with the name BRENDA, both for use in relation to prospective software dating apps for gay and lesbian people;
- Denies that the '869 and '870 marks were filed in bad faith;
- Claims that the ownership of the BENDER and BRENDA marks had been determined by the Court of Session in Scotland (at first instance and upheld on appeal) as part of the court's determination of whether a partnership had existed between Messrs Worbey, Farrell and Elliott;
- Says that as the parties had agreed at the time of the litigation that the existence of a partnership was decisive of whether Worbey and Farrell were entitled to a share on the profits generated by the business conducted via the BENDER and BRENDA dating apps, and as the court had decided that there was no partnership, Messrs Worbey and Farrell are estopped from claiming ownership of the marks;
- Claims that the applications are vexatious and should be dismissed with off-scale costs.

The evidence

15. Mr Worbey filed a witness statement with his applications for rectification of trade mark 2554880 and invalidation of trade mark 2591869. His evidence includes a copy of the Opinion of Lord Tyre in the Outer House of the Court of Session dated 14th October 2016². Mr Worbey later filed a further witness statement clarifying certain aspects of his case. Mr Farrell also filed a short witness statement, essentially adopting Mr Worbey's account of the facts.

² [2016] CA200/15

16. TOL also filed evidence in the form of a witness statement by Ms Clare Turnbull of Brookes IP (TOL's attorneys). Ms Turnbull's statement is essentially a vehicle through which TOL provides me with the documents it considers relevant to the matters at hand. This includes a copy of the judgment of the Extra Division, Inner House, Court of Session, in which Lord Brodie, Lord Clark of Calton and Lord Glennie upheld the judgment of the Outer House referred to above.

17. It is convenient to pause at this point and summarise what happened before the Scottish court. The pursuers were Messrs Worbey and Farrell. Mr Elliott had been declared bankrupt by this time. The business conducted via the BENDER and BRENDA dating apps had been transferred to companies overseas and they had been renamed WAPO and WAPA. The defenders were, therefore, Mr Elliott's Trustee in Bankruptcy, Sharon Campbell (the sole Director of a New Zealand company called Scampbell Limited) and Wapo y Wapa Limited, which appears to be a company controlled by Ms Campbell. Mr Worbey describes the purpose of the litigation like this:

“33. Meantime we commenced the second action, alleging fraudulent conspiracy to deprive us of our funds to which we laid claim, based on the matters indicated above. This action proceeded against Sharon Campbell and her company. The prior question to be addressed was whether there was in fact a partnership between us, on the one hand, and Mr Elliott on the other as our claim against the company for profits was dependent on our right to receive them. Of course, if there was no partnership, we would suffer no loss; and whether there was a fraud or not would be irrelevant if there was no loss suffered. This was to be determined as a preliminary issue; and unfortunately, we were unsuccessful at first instance and on appeal.

34. It is important to note that the court at no time had to adjudicate upon the question of whether there had been a conspiracy, or bad faith, and indeed for what it is worth Lord Tyre indicated in open court at one hearing that he had a very "poor opinion" of Mr Elliott. At the end of the day, the decision was made on a very fine interpretation of the Partnership Act.”

18. On appeal, the findings of Lord Tyre were summarised as follows:

“57. As ultimately presented, the appeal raises a short and narrowly focused question of law, namely: whether, having held (in paragraph [30]) that "all concerned [i.e. the pursuers and Mr Elliott] regarded themselves as entering into some kind of business relationship with a view to profit, the Lord Ordinary was bound, as a matter of law, to hold that they had entered into a partnership between themselves for the purpose of developing, promoting, preparing, marketing and exploiting certain gay dating apps. We express the question in this way because, in presenting his argument in support of the appeal, and having accepted the findings of primary fact made by the Lord Ordinary, Mr Smith QC submitted that the question whether on those facts a partnership existed was not one of "mixed fact and law", the position taken in his Note of Argument, but was a question of "pure law". His submission was that on the primary facts found by the Lord Ordinary, which he did not challenge, it followed as a matter of law that there was a partnership at the relevant time.

58. Having carefully considered the submissions made to us on both sides, and having looked carefully at the Lord Ordinary's findings in fact and reasoning as set out in his opinion, we have come to the conclusion that this appeal, thus presented, must fail. We have reached this conclusion for two main reasons.

59. The first reason is that, even if the Lord Ordinary's findings are to be understood as meaning that the parties had entered into a business relationship with a view to profit, it would not follow that, as a matter of law, that relationship was necessarily one of partnership. What needs to be established, if it is to be proved that there is a partnership, is that they were carrying on the business "in common". Many people carry on business together with a view to profit without being in partnership. There are a number of other possibilities and the question of whether the relationship is one of partnership or of some other kind depends upon whether it can be established that they are carrying on that business together "in common". That is not a

pure question of law but depends upon further fact findings and the making of an evaluation of all the facts.

60. The second reason – we deal with it second, though logically it addresses a prior and more fundamental issue – is that, properly understood, the Lord Ordinary makes no finding that the parties had at any material time actually entered into a business relationship with a view to profit; on the contrary, he finds that although they envisaged entering into some kind of business relationship in the future, they had not actually reached the stage of a concluded contract; and therefore the question whether their relationship amounted to a partnership did not arise.”

19. The Court of Session therefore concluded that although Messrs Worbey, Farrell and Elliott had a prospective business relationship, the form that it would take was never settled and no contract existed between them.

20. In his second witness statement, Mr Worbey says this about his application to rectify the register entry for trade mark 2554880.

“4. The legal position that was taken on our behalf was that there was in fact a partnership between Kevin, Mr Elliott and me. However, Mr Elliott disputed (and still disputes that to be the case). We are now prepared to accept that if we thought that, then we must be wrong as a matter of law.

5. However, when the original application to register the trademark was made I thought the only way to described the joint venture I thought we were entering into was a ‘partnership’.”

21. In the light of this statement, the pleadings do not adequately explain the nature of the “*mistake*” Mr Worbey sought to correct by substituting his name (alone) as the proprietor of trade mark 2554880. Further, as Mr Worbey now accepts that there was no partnership, it is not clear why he still claims that Mr Elliott filed his trade mark applications in bad faith.

Case Management

22. As the applicants' pleaded cases were not clear, I appointed a case management conference ("CMC") on 6th March 2019 to decide various matters relating to invalidation applications 502281/92, rectification application 84802, and two related oppositions (412283/4). The oppositions are brought by TOL and directed at two trade mark applications filed by Edgeburn Properties Limited in December 2017 to register the trade marks BENDER and BRENDA in classes 9 and 45.

23. Edgeburn Properties Limited represents the interests of Messrs Worbey and Farrell and says that it filed these trade mark applications on their instructions.

24. The letter dated 19th February 2019 which appointed the CMC listed the following matters (amongst others) for resolution.

"1. The rectification application, clarification of the error or omission made at the time that TM application 2554880 was filed which should lead to the second requested correction, i.e. substituting Steven Worbey as the proprietor;

2. Cancellation applications 502282/291, identification of the 'false statement made to the IPO' at the time that TM applications 2591869/870 were filed;

3. Cancellation applications 502281/291, identification of the issues that are relevant to the allegation that the TM applications were filed in bad faith;

4. Cancellation applications 502281/292, determination of whether the applicants for cancellation are estopped from challenging that Stephen Elliot was entitled to file the applications in his name, or asserting that Messrs Worbey and Farrell are the true owners of the trade marks;"

25. Mr Worbey was directed to state his position in writing on points 1 & 2 above, no later than 48 hours before the CMC, and to copy that communication to TOL's representative.

26. He did not comply with this direction.

27. The CMC was conducted via teleconference. Messrs Worbey and Farrell were represented by Mr Clive Murray, who informed me that he is a barrister. TOL was represented by Ms Clare Turnbull of Brookes IP.

28. When I asked Mr Murray why Mr Worbey had not complied with the direction referred to in paragraph 25 above, he explained that he had only been appointed the previous week and that there had not been time to do so. I do not accept this explanation. The clarifications sought should have been straightforward to explain. Mr Worbey must know what "*mistake*" he had in mind when claiming that trade mark 2554880 should have been filed in his name alone. Similarly, he must know what "*false statement*" he alleges Mr Elliott made to the IPO in relation to the BENDER trade mark. I was left with the impression that either Mr Worbey could not explain these allegations, or he preferred not to provide the tribunal and TOL with any clarification of them prior to the CMC. This is not helpful to this tribunal, or to the parties.

The invalidation applications

29. Section 47(1) of the Act states:

"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)."

30. Section 3(6) of the Act states:

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

31. 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*³, as follows:

“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.

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 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

³ [2012] EWHC 1929 (Ch)

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."

32. Messrs Worbey and Farrell say that they "invented" the names BENDER and BRENDA. That is plainly wrong. These names existed long before the events that are the subject of these proceedings. However, it is common ground that Mr Worbey and Mr Farrell chose the names BENDER and BRENDA, respectively, for the dating apps that were at the heart of the planned business venture with Mr Elliott.

33. Starting from first principles, there is no right in a name or an unregistered trade mark as such⁴. By contrast, legal rights exist in registered trade marks, and the law of passing off protects the goodwill in a business and, by extension, the signs which are distinctive of that business.

34. It follows that the mere fact that Mr Worbey and Mr Farrell chose the names BENDER and BRENDA gives them no legal right to those names. If it did, they would not have had to advance their claim before the Scottish court on the basis that they were in partnership with Mr Elliott in order to be entitled to ask for a share in the profits generated from the use of those names. Consequently, the mere fact that Worbey and Farrell chose the names BENDER and BRENDA during discussions about a prospective business venture provides no legal or factual basis for their

⁴ See, for example, Lord Parker in *Spalding v Gamage* [1915] 32 RPC 273, 284, House of Lords

allegation that Mr Elliott 'stole' the marks from them. This is because their 'invention' of the names created no rights that he could 'steal'.

35. It is not entirely clear from the evidence whether the BENDER and BRENDA marks were in use in the UK on 19th August 2011 when Mr Elliott applied to register those marks or, if they were, which business was using them. Mr Worbey's evidence is that *"by the end of November 2010, it was clear that the [BENDER] app was going to be a huge success. The app was (according to Mr Elliott) the 10th most popular networking app in Spain and had considerable success elsewhere in the world. It continued to be extremely successful as a free app, and the plan was that once a sufficient user base had been built up, it would become a "pay to use" app with various features which could be purchased."*

36. It therefore appears that Mr Worbey had to rely on Mr Elliott to tell him how well the app was doing. This suggests that it was Mr Elliott (or his business) that was operating the app under the name BENDER. It is not clear from anything that I have seen whether the BENDER app had any UK customers as at 19th August 2011, or if it had generated any income by that date. It is not therefore apparent that any protectable goodwill existed in the UK at the date of Mr Elliott's trade mark applications. If there were no UK customers at that date, then none of the parties had any legal rights under the name BENDER or BRENDA⁵.

37. Lord Tyre's account of the business relationship between Messrs Worbey, Farrell and Elliott between December 2010 and April 2011 is set out in paragraphs 19 – 23 of his Opinion. It appears from his description of events that the nature of their prospective business relationship was not settled. Mr Elliott drew up a business plan in December 2010 in which he envisaged establishing a company called Bender Social Networking Limited. He would own 80% of the shares. Messrs Worbey and Farrell (together with another prospective business investor called Barron) would own the remaining 20%. Messrs Worbey, Farrell and Barron would each invest £250 a month in the venture for about a year until user fee income was generated. Otherwise, Mr Elliott would use his savings to fund the project. Mr Worbey replied to

⁵ There is no suggestion that the BRENDA app was in use by this date.

the proposal on 16th December 2010. He was mostly positive about it, except he thought that £200 a month was the most that he and Mr Farrell could afford. They paid this amount to Mr Elliott in January, February and March 2011.

38. On 18th March 2011, Mr Elliott emailed Messrs Worbey and Farrell offering two options for their business relationship: a shareholding in Bender Social Networking Limited (as per his business plan) or a royalty agreement with a share of the future profits. Mr Worbey replied on 1st April 2011 agreeing to the second option. However, Messrs Worbey and Farrell did not make the agreed payment of £200 to Mr Elliott in April 2011. This resulted in Mr Elliott terminating their planned business relationship on 9th May 2011 when he sent them a cheque for the amount that they had invested in the project up until that date with 4% interest.

39. I was told at the hearing that Bender Social Networking Limited was incorporated in February 2011 with Mr Elliott as the sole shareholder. If there was any business in the UK as of 19th August 2011, all the indications are that it was being operated by Mr Elliott or his company. If that is right, he appears to have had every right to apply to register the BENDER trade mark.

40. It is true that Mr Elliott knew when he filed his applications that Mr Worbey had already registered the mark shown at paragraph 1 above in the name of 'Bender.app, a partnership'. However, merely knowing that another party has registered a similar mark for the same goods/services does not mean that the BENDER word mark was applied for in bad faith. A similar issue arose in *Hotel Cipriani v Cipriani (Grosvenor Street)*⁶. The owners of the famous Hotel Cipriani in Venice had registered the EU trade mark 'Hotel Cipriani' for hotel and restaurant services. It was alleged that the registrant knew when applying for registration that others had a commercial interest in the name Cipriani. However, Arnold J. decided that the application had not been made in bad faith. He found that the applicant could reasonably believe that it had a right to apply to register the mark because it had a superior, or alternative, claim to the name Cipriani. I find that, whether as the person who intended to trade in the UK under the BENDER/BRENDA marks, and/or

⁶ [2008] EWHC 3032 (Ch)

as the [only] person who was by then trading under the BENDER mark in the UK, Mr Elliott was manifestly entitled to test his entitlement to the marks by making trade mark applications 2591869/70.

41. In order to show that the trade mark applications were filed in bad faith in the circumstances described in paragraphs 36 to 38 above, it was, in my view, necessary for Worbey/Farrell to identify a proprietary interest in the business that operated, or intended to operate, the BENDER/BRENDA apps. Had they been able to do so, this would have presented an issue that was relevant to their claims that Mr Elliott acted in bad faith when he applied to register the marks in his own name.

42. However, following the judgment of the Court of Session, Messrs Worbey and Farrell no longer contend that they were partners in the business. When I asked Mr Murray at the CMC to explain the nature of the business relationship between Mr Elliott, Worbey and Farrell at the time of the trade mark applications (if not a partnership) he submitted that it was enough that there was a “common business” between them. In his view, it did not matter how it was classified. I disagree. Firstly, according to Lord Tyre, there was no business in common⁷. Secondly, the court found that there was no concluded contract between the parties. If that is right, they did not enter into a business relationship with a view to profit: they merely envisaged such a relationship in the future. The mere fact that the parties had at one time envisaged entering into a business relationship cannot possibly be enough to have placed Mr Elliott under a fiduciary duty to Messrs Worbey and Farrell at the time he filed his trade mark applications⁸. It was, therefore, for Messrs Worbey and Farrell to spell out in their pleadings, if not business partners, the nature of their claimed business relationship with Mr Elliott that placed him under an obligation to them, which he breached by making the trade mark applications in his own name.

43. They have not done so. Indeed, the applicants have, in my view, been unable to identify any factual issues which are relevant to (in the sense of potentially capable of supporting) their bad faith claim. Most of the events described in Messrs Worbey

⁷ See paragraph 37 of the Opinion

⁸ I note that Lord Tyre held that even if such a partnership existed, it was terminated by Mr Elliott's email of 9th May 2011.

and Farrell's pleadings postdate the filing of Mr Elliott's trade mark applications. The gist of their case appears to be that he 'stole' their marks, did not pay them what they consider they were due following the commercial success of the BENDER/BRENDA apps, and took various steps designed to frustrate their legal claims, even if they had been successful. I have already explained why the allegation of 'theft' of the marks is misconceived. I further find that, even if Messrs Worbey and Farrell were investors in Mr Elliott's business, and were entitled to a share of the profits on that basis, his refusal to pay them what they think they are owed is not relevant to their s.3(6) claims. This is because, absent any identifiable proprietary interest in the business set up to trade under the marks, these are entirely separate matters. That remains the case even if Mr Elliott had resolved to reject Messrs Worbey and Farrell's royalty claims at the time he filed his trade mark applications.

44. At the CMC, Mr Murray also relied on the fact that around the time of making his own trade mark applications, Mr Elliott applied to have the ownership of existing trade mark 2554880 changed from a partnership called Bender.app into his own name. I will return to this matter in the on-going rectification proceedings. In my view, it is not relevant to the invalidation proceedings. This is because the sole question in these proceedings is whether Mr Elliott filed trade mark applications 2591869/70 in bad faith. Whether he acted correctly in relation to the change the ownership of 2554880 is a separate matter. Even if he did not, that finding alone could not be sufficient to justify the applicants' claims that trade marks 2591869/70 were filed in bad faith.

45. I therefore reject Mr Worbey and Mr Farrell's applications to invalidate trade marks 2591869/70. This is because no relevant factual issues have been pleaded, despite repeated requests for clarification, which could support their claims that Mr Elliott's applications to register those marks were made in bad faith.

46. As Messrs Worbey and Farrell now accept that they never were in partnership with Mr Elliott, and as no other factual issues relevant to the claims under ss.47(1) and 3(6) have been identified, it is not necessary to determine whether Messrs Worbey and Farrell are estopped from bringing relevant claims under those provisions of the Act.

Rectification application 84802

47. The relevant parts of s.64(1) of the Act are as follows:

“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) -

(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.”

48. At the CMC, in addition to refusing the applications for invalidation, I directed that:

“(ii) Application 84802 to rectify the register entry for trade mark 2554880 is rejected to the extent that it seeks the entry of Steven Worbey as the proprietor of the mark:

(iii) Application 84802 to rectify the register entry for trade mark 2554880 to reverse the change of name of the proprietor from Totally Outsourced Ltd back to ‘Bender.App’ shall proceed to determination as separate proceedings;

(iv) A hearing shall be appointed to hear the parties’ arguments on the matter covered in (iii) above;

(v) Oppositions 412283/4 shall be consolidated and suspended until the above matters are finally determined;

(vi) The section 5(1)/5(2) grounds in the oppositions should be determined first after giving the parties the opportunity to file written submissions;

(vii) The s.3(6) ground in the oppositions should be decided second, as separate proceedings, if this is still relevant to the outcome of trade mark applications 3279480/84.

(viii) Costs in the invalidation should be decided now;

(ix) Costs in the other proceedings should be decided when they are

substantively determined.”

49. I accept that Mr Worbey has “*sufficient interest*” to make the application for rectification. However, I find that Mr Worbey’s ground for rectifying the register to put trade mark 2554880 in his own name is not tenable. According to Mr Worbey’s own evidence, his intention at the time of filing the trade mark application was to register the mark in the name of the partnership he thought existed. He says that he used the domain name benderapp.com as the name of the partnership because he could not fit the names of Mr Elliott, Mr Farrell and himself into the space available in the appropriate field of the online application form. Therefore, Mr Worbey never intended to register the mark in his name alone. Consequently, the fact that Mr Worbey paid the application fee and used his own address for correspondence about the application is neither here nor there.

50. The original application for registration clearly reflected Mr Worbey’s intention to register the BENDER mark in the name of the partnership. The subsequent findings of the Court of Session that there never was a partnership between Worbey, Farrell and Elliott may cast doubt on whether, with the benefit of hindsight, he should have filed the application in the name he gave to the partnership. However, it does not follow that the application should therefore have been filed in the name of Mr Worbey alone, still less that failing to name himself as the original applicant now constitutes “*an error or omission*” in the register.

Costs in the invalidation proceedings

51. TOL requests off scale costs. I allowed TOL until 20th March to make written submissions on costs. I gave the applicants until 27th March to provide written submissions in response. The parties duly made their submissions on costs. Edgeburn Properties made submissions on behalf of Messrs Worbey and Farrell, which included a 10-page written submission from their barrister, Mr Murray.

52. TOL claims £5966 in costs for dealing with the invalidation applications. It has provided a high-level breakdown of these costs. The bulk of the costs arise from considering the applications, filing counterstatements, collecting and filing evidence,

and preparing for, and taking part in, the CMC. However, the main reason put forward for off-scale costs is the time TOL wasted trying to ascertain what the applicants' case was. In this connection, TOL points out that between 22nd August 2018 and 25th October 2018 the IPO made three written requests for clarification of the pleadings, and even after that the grounds were still not clear.

53. On behalf of Messrs Worbey and Farrell, Edgeburn Properties points out that the IPO's initial requests for clarification were essentially *ex parte* involving little in the way of additional costs for TOL. Edgeburn also says that:

- The applications for invalidation were brought to deal with a former business associate who, in their view, dishonestly deprived them of the share of the profits to which they were entitled;
- The applicants followed the advice of, and acted in response to requests made by, IPO staff;
- The applicants were litigants in person;
- The applications were filed in good faith;
- The applicants did not obstruct or delay matters or act in a vexatious manner;
- As the applications for invalidation are intrinsically linked to the application for rectification and TOL's oppositions, it would be unfair to determine the costs of the applications for invalidation before all the proceedings are determined;
- The applications for invalidation are essentially the same matter times two, it would therefore be unfair to award two sets of costs;
- As there was no full hearing of the applications, it would be unfair to award costs against the applicants;
- Off-scale costs are exceptional and TOL has not justified such an award;
- Off-scale costs are intended to compensate parties encountering "extra" costs because of the unreasonable actions of the other party, yet no such costs have been identified by TOL.

54. There is no doubt that Section 68 of the Act and Rule 67 of the Trade Mark Rules 2008 give the registrar a wide discretion to award reasonable compensatory costs⁹. However, although the courts have endorsed the registrar's power to award compensatory costs in cases of unreasonable behaviour, it does not follow that compensatory costs must be awarded whenever there is unreasonable behaviour. Rather, as stated in *Rizla's Application*, the question is whether "*the behaviour in question constituted such exceptional circumstances that a standard award of costs would be unreasonable.*" This must be assessed after taking account of all the relevant factors.

55. I do not accept that it is unfair to determine costs in the invalidation proceedings independently of the opposition and rectification proceedings. For the reasons I have given above, it was not necessary to determine the rectification or opposition proceedings to determine that there is no basis for the invalidation proceedings.

56. I do not accept that it was unfair to determine the invalidation proceedings after hearing the parties at the CMC (as opposed to a full hearing). The letter appointing the CMC made it clear that its purpose included a) identifying which issues were relevant to the bad faith claims, and b) whether the final judgment of the Scottish Court estopped Messrs Worbey and Farrell from bringing the claims. It should therefore have been obvious to the applicants that if they failed to identify any relevant issues, and/or I found that they were estopped from bringing their claims, this would result in the rejection of their applications.

57. As to the difference between a CMC and a full hearing, a CMC is a hearing. Both sides were given the opportunity to make any submissions they wished. Both sides had filed evidence. Having determined that the applicants had failed to identify any relevant factual issues which could support their allegations that Mr Elliott's trade mark applications were filed in bad faith, there was nothing left to be dealt with at a further hearing of the invalidation applications. Therefore, appointing a further hearing on these applications would have delayed matters unnecessarily and wasted further costs.

⁹ *Rizla Ltd's Application* [1993] RPC 365 at 377

58. I accept that the applicants have not deliberately delayed matters. I also accept that, apart from Mr Worbey's failure to provide the written clarifications required prior to the CMC, the applicants made reasonable efforts to respond to the communications sent to them by the IPO. One of these communications rejected Mr Worbey's initial application to rectify the register in relation to trade mark 2591869. This was because the wide-ranging allegations in the documents attached to the Form TM26R (insofar as they could be understood) appeared to allege that the application had been filed in bad faith. Allegations of that kind cannot be entertained under s.64(1) of the Act¹⁰, but may justify an application for invalidation under ss.47(1) and 3(6). Mr Worbey was advised accordingly. I do not accept that this indication absolved Mr Worbey of his responsibility for the subsequent filing of an application to invalidate trade mark 2591869 on grounds which, on closer examination, are also irrelevant to a bad faith claim under s.3(6).

59. Although they clearly have access to legal advice, I accept that the applicants initially acted as litigants in person. I will take this into account. However, this does not justify the filing of applications to invalidate TOL's trade marks based on serious (but irrelevant) allegations of bad faith, thereby putting TOL to considerable and unnecessary cost.

60. The applicants' strong sense of injustice about Mr Elliott's refusal to pay them a share of the profits generated by the BENDER and BRENDA apps does not justify them using trade mark invalidation proceedings in a misguided way to pursue their grievance against Mr Elliott and his successors in business.

61. I accept the initial exchanges with the IPO, during which the caseworker tried to clarify the grounds of rectification/invalidation, did not cause TOL a significant amount of extra costs. As this appears to be TOL's main basis for claiming off-scale costs, I reject that application. However, in assessing the appropriate scale costs, I will, however, consider:

- (i) the serious nature of any allegation of bad faith;

¹⁰ Note the proviso to s.64(1) set out in paragraph 47 above.

- (ii) the extra work that the lack of clarity and number of irrelevant allegations made must have caused TOL when preparing its counterstatements and evidence and preparing for the CMC;
- (iii) That the invalidation proceedings against trade marks 2591869/70 are essentially one set of proceedings with shared costs, rather than two distinct sets of proceedings.

62. Adopting this approach I assess costs as follows:

- (i) £850 for considering the applications for invalidation and filing counterstatements;
- (ii) £1500 for considering Messrs Worbey and Farrell's evidence and filing evidence in response;
- (iii) £450 for preparing for, and taking part in, the CMC to the extent that it dealt with the invalidation applications.

63. I therefore order Mr Steven Worbey and Mr Kevin Farrell to pay Totally Outsourced Limited the sum of £2800. This sum to be paid within 21 days of the date of this decision or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated 3 April 2019

Allan James
For the Registrar