

O/0385/23

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 3644508
BY DAVID HAYGREEN
TO REGISTER THE FOLLOWING TRADE MARK:

TORNADO

IN CLASSES 12, 35, 37 & 42

AND

IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 429475
BY TORNADO BOATS INTERNATIONAL APS

Background and pleadings

1. On 20 May 2021, David Haygreen (“the applicant”) applied to register the trade mark displayed on the cover page of this decision in the UK, under number 3644508 (“the contested mark”). Details of the application were published for opposition purposes on 1 October 2021. Registration is sought for the following goods and services:

Class 12: Vehicles for locomotion by water; boats, ships, canoes, kayaks, dinghies, power boats, sailboats; electrically driven apparatus for locomotion by water; electrically powered watercraft; water vehicles; motorised water vehicles; boats; ships; speedboats; inflatable boats; lifeboats for the transport of rescue personnel and rescued persons; rapid intervention engines for rescue purposes; watercraft vehicles adapted for use in rescues; patrol vehicles for use on water; hulls for watercraft; tubes, namely tubes for use in sea craft; consoles, seats, seat back tow posts, frames, top frames, poles, ladders, boarding ladders, tow bars, tow posts, bow mooring posts, brackets, bottle racks, cover systems all for boats and apparatus for locomotion by water; parts and fittings of all the aforesaid.

Class 35: Business management services; the bringing together for the benefit of others of a variety of electronic or printed publications, printed matter, magazines or other publications, enabling customers conveniently to view and purchase those goods in a retail store, from an Internet web site or by means of telecommunications; advertising, marketing, promotion, public relations, endorsement and publicity services; dissemination of advertising, marketing, promotion, public relations, endorsement and publicity materials; advertising in online, on-demand and other media, in particular in the aforesaid media and via the aforesaid media; direct mail advertising, advertising and marketing of online websites; direct marketing services; business management and administration; business information; business advisory services; market surveys, analysis and research; business advisory services in relation to the provision of sponsorship; event marketing; organisation of business shows; database marketing; sales promotion services; preparing and placing of advertisements; consultancy services relating to advertising, publicity and marketing; management

consultancy services; business advisory services; direct mail publicity campaigns; information, advisory and consultancy services relating to all the aforesaid; none of the aforesaid including or relating to bicycles or parts thereof.

Class 37: Maintenance, installation and repair services in relation to scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving apparatus and instruments; repair services; maintenance services; building construction, repair, installation services, painting and decorating services; cleaning services; marine engineering, shipbuilding; boat building; servicing and maintaining of boats; repair, inspection and maintenance services for boats and vehicles for locomotion by water; custom building of boats; construction, maintenance, repair and renovation of boats; maintenance and repair of parts and fittings for boats; surface conditioning of boats; upkeep and maintenance of surfaces, particularly surfaces of boats; information, advisory and consultancy services relating to all the aforesaid services.

Class 42: Scientific and technological services and research and design relating thereto; design of boats; engineering services; design of accessories for boats; boat, ship and marine vehicle design and development services; provision of scientific and technological advice to the shipping, yachting and ports industries, naval architects, design and stylist services; advisory and consultancy services relating to the aforesaid.

2. Tornado Boats International ApS (“the opponent”) partially opposes the application under section 3(6) of the Trade Marks Act 1994 (“the Act”). The opponent contends that the applicant previously transferred all rights in the ‘TORNADO’ name to it and has applied for the contested mark despite being aware that they no longer have any rights in the name. Therefore, the opponent submits that the application was made in bad faith in respect of the goods and services underlined above.

3. The applicant filed a counterstatement, denying the ground of opposition. The applicant denies that any rights in the ‘TORNADO’ name were transferred to the opponent or that it was asked to take over the business. The applicant maintains that

they still have rights in the name and disputes that the opponent is the rightful owner of the brand. On this basis, the applicant denies that the application was made in bad faith.

4. Both parties are professionally represented; the opponent by Otello Law Firm and the applicant by Laytons LLP. Both parties filed evidence in chief and the opponent filed evidence in reply. Neither party requested a hearing. Only the applicant elected to file written submissions in lieu of attendance, though I note that the opponent filed written submissions during the evidence rounds. This decision is taken following careful consideration of the papers before me, keeping all submissions in mind.

5. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive and, therefore, this decision continues to refer to the trade mark case law of the EU courts.

Evidence and submissions

6. The opponent's evidence in chief is given in the witness statement of Martin Hoffgaard Rasmussen and eleven exhibits (1 to 11). Mr Rasmussen is a partner of Otello Law Firm and is the opponent's professional representative.

7. The applicant's evidence consists of the witness statement of David Haygreen, together with twenty-six exhibits (DH1 to DH26). As noted above, Mr Haygreen is the applicant in these proceedings.

8. Both parties evidence broadly goes to the history of the relationship between the parties and claimed transfer of ownership.

9. The opponent filed evidence in reply in the form of the witness statement of Lars Hjorth and four exhibits (12 to 15). Mr Hjorth is the CEO and owner of the opponent.

10. As noted above, both parties have also filed written submissions during these proceedings.

11. I have read all the evidence and submissions and will return to them to the extent I consider necessary in the course of this decision.

Decision

12. 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.”

13. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121 the Court of Appeal considered the case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 EU:C:2009:361, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, EU:C:2013:435, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening*, Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08, EU:T:2011:46. It summarised the law as follows:

“67. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].

5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54]".

14. The application for the contested mark was made pursuant to Article 59 of the Withdrawal Agreement between the UK and the EU. This provision allows those who had pending EUTMs at the end of the transition period to file a corresponding UK application and claim the filing or priority date of the EUTM as the priority date for the UK application for the purpose of establishing "which rights take precedence", in accordance with section 6(A) and paragraph 25 of Schedule 2A of the Act. The

applicant had a relevant pending EUTM (under number 10372001) which was filed at the EUIPO on 26 October 2011. They filed the corresponding UK application within the nine-month period allowed for doing so. Unlike for relative grounds objections, in relation to which the EUTM priority date is claimed, the relevant date for determining whether the mark is subject to refusal on the absolute grounds set out in section 3 of the Act is the actual filing date of the application in the UK. Therefore, the relevant date for the purposes of this opposition is 20 May 2021 (“the relevant date”).

15. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith.¹

16. It is necessary to ascertain what the applicant knew at the relevant date.² Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date.³

17. As per the case law cited above, it is for the party alleging bad faith to prove it. The initial evidential burden falls upon the opponent: it must present evidence from which a rebuttable presumption of lack of good faith can be drawn. If it does that, then the burden shifts to the applicant to rebut the allegation.

18. The opponent’s pleaded case is as follows:

“The applicant de facto transferred all rights to the TORNADO name to the opponent in 2008/2009, when he asked the opponent to take over his business with selling and repairing boats. This is supported by both witness statements and e-mail correspondence between the parties. Several years after the transfer of rights, the applicant became unsatisfied with the deal and tried to take back the TORNADO name, despite the opponent having invested many

¹ *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch)

² *Red Bull*

³ *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

hours and large sums of money in building the TORNADO brand. The applicant has since tried to register the brand as trademarks in the EU and UK, even though he is fully aware that he does not have any rights to the name anymore and that the opponent is in fact the rightful owner of the brand. The UK application mentioned above was thus filed in bad faith [...]"

19. In their counterstatement, the applicant stated as follows:

"[...] 4. It is denied that registration of the Application would be contrary to Section 3(6) of the Trade Mark Act 1994 for all or any of the reasons set out in the Opposition.

5. The Applicant did not transfer all or any rights to the TORNADO name to the Opponent in 2008/2009 and did not ask the Opponent to take over his business with selling and repairing boats. It is denied that this is supported by witness statements and e-mail correspondence between the parties. There has been no transfer of rights. It is, therefore, denied that the Applicant became unsatisfied with the deal and tried to take back the TORNADO name since there was and has not been a deal between the Applicant and the Opponent. It is further denied that the Opponent has invested large sums of money in building the TORNADO brand.

6. It is admitted that the Applicant has since applied to register the trade mark TORNADO (stylised word) for various goods and services in Classes 12, 35, 37 and 42 for the EU and UK. It is denied that the Applicant does not have any rights in the name anymore. It is further denied that the Opponent is the rightful owner of the brand or trade mark TORNADO. [...]"

20. According to *Alexander Trade Mark*, Case BL O/036/18, the key questions for determination in a claim of bad faith are:

(a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?

(b) Was that an objective for the purposes of which the contested application could not be properly filed? and

(c) Was it established that the contested application was filed in pursuit of that objective?

21. For the purposes of determining the opponent's claim, I now take each of these questions in turn.

What, in concrete terms, was the objective that the applicant has been accused of pursuing?

22. As can be seen from the above, the applicant is accused of applying for the contested mark several years after a *de facto* transfer of all rights in the 'TORNADO' name to the opponent, in full knowledge that they were no longer the rightful owner of the brand. This is despite an alleged deal between the parties.

Was that an objective for the purposes of which the contested application could not be properly filed?

23. Contrary to the opponent's pleaded case, in law there can be no *de facto* transfer of a business, or any intellectual property rights it holds; such a transfer would need to be evidenced by, for example, a contract or deed of sale. Therefore, I am not satisfied that applying for the contested mark, despite a so-called *de facto* transfer of the 'TORNADO' business, is an objective for the purposes of which the application could not be properly filed.

24. However, if there was an actual, and legally binding, transfer of the business, under which any intellectual property rights owned by that business were also transferred to the opponent, filing the application in the knowledge of this could be an objective for the purposes of which the contested application could not be properly filed. Therefore, I will go on to consider the opponent's evidence to ascertain whether it has been established that there was any transfer of the business and any associated intellectual property rights.

Was it established that the contested application was filed in pursuit of that objective?

25. Mr Rasmussen provides an account of the history between the parties via a signed witness statement of Lars Hjorth, dated 21 August 2018.⁴ Mr Hjorth is the CEO of the opponent company. The witness statement is said to have been prepared for the purposes of previous proceedings before the EUIPO. From Mr Hjorth's statement, I note the following:

- In 2006, Mr Hjorth identified 'Tornado' as a brand he would like to represent within the rigid hull inflatable boat industry. In November of that year, he contacted Mr Haygreen and agreed to visit the boat yard in Hull. During this visit, Mr Hjorth says that he and Mr Haygreen entered into an agreement for him to distribute and sell 'Tornado' boats in Denmark.
- In 2008 it was clear to Mr Hjorth that the toll of running the production and sale of boats was too much for Mr Haygreen. During the summer, he asked for a bigger role in 'Tornado'.
- In around September 2008, Mr Haygreen visited Mr Hjorth and his wife, Katherine, in Denmark. During this visit, Mr Haygreen is said to have proposed that Mr and Mrs Hjorth take over the whole company immediately. It was his suggestion that they would run the company for one year, after which the company would be theirs to keep, providing all was running well.
- Mr Hjorth says that Mr Haygreen did not expect payment, since he understood the company was in bad shape and Mr and Mrs Hjorth lacked the necessary finances. Mr Haygreen allegedly told them that he wanted 'Tornado' to be passed on to somebody who could secure a bright future for the company he had started.

⁴ Exhibit 2

- From this point, the plan was for Mr and Mrs Hjorth to immediately take over all sale and production, running it through their existing company 'Pablo', with Mr Haygreen helping in the background when required.
- Mr Haygreen informed their dealers that all enquiries should be directed to Mr Hjorth, since he and his wife had taken over the business. All sales had to be done through them in Denmark.
- In line with this, on 4 November 2008, the domain name and website www.tornado-boats.com was transferred to Mr and Mrs Hjorth. They immediately set up new email addresses, and began the process of designing a new, updated website to help market the brand. Also in November 2008, Mr and Mrs Hjorth changed the official registered second name of their company to Tornado Boats International ApS.
- In January 2009, Mr Hjorth travelled with Mr Haygreen to the factory in Guangzhou, China. Mr Hjorth was introduced to Mathew Ma (Mr Haygreen's partner in China) as the new owner of 'Tornado'. Mr Haygreen also performed a technical handover about boat building with Mr Hjorth. This week in January is said to have been Mr Haygreen's last visit to the factory. Mr Hjorth says that, thereafter, Mr Haygreen was no longer active in 'Tornado'. His involvement was limited to advice via email and telephone.
- After January 2009, Mr Hjorth concentrated fully on developing the business. The brand was said to have been in poor shape and, between 2009 and 2014, Mr and Mrs Hjorth struggled to earn anything from the sale of boats. The business was only kept going with income from their old business areas.
- On 16 March 2010, the official first registered name of Mr Hjorth's business was changed to Tornado Boats International ApS.
- Mr Hjorth's last communication with Mr Haygreen was in December 2011.

26. Mr Rasmussen also provides a signed witness statement of Fei Hong Ma, dated 16 August 2018,⁵ which was prepared for the purposes of previous proceedings before the EUIPO. From the statement, I note the following:

- Mr Ma is also known as Mathew.
- He established Guangzhou Tornado Boats on 20 February 2006; Mr Haygreen was a shareholder of the same.
- The company builds ‘Tornado’ boats in Mr Ma’s factory in Guangzhou, China. When the factory was established, it was agreed that Mr Ma would be responsible for selling the boats in Asia, while Mr Haygreen would market the products in Europe.
- In January 2009, Mr Haygreen came to Guangzhou with Mr Hjorth, described as his dealer from Denmark.
- Mr Haygreen informed Mr Ma that Mr Hjorth would take over his position in the company and that he was going to retire. Since then, Mr Hjorth visited the factory several times a year, and that all business transactions and shipments between the factory and Europe are handled by Mr Hjorth.
- There has been no communication between Mr Ma and Mr Haygreen since the latter’s retirement, leading Mr Ma to believe that Mr Hjorth has taken over ‘Tornado’.

27. The remainder of Mr Rasmussen’s statement serves as a vehicle for introducing email correspondence between the parties into the evidence.⁶

28. The first is an email from tornadoboats@btinternet.com to info@pablo.dk dated 14 October 2008. It is addressed to “Lars” from “David”. It says:

⁵ Exhibit 10

⁶ Exhibits 3 – 9, Exhibit 11

“[...] Have said you are taking over running as it has all got too much for me [...] It would be an idea to keep him on board selling or expanding elements of the businesses but will leave that to you to decide as new CEO [...]”.

29. Another chain of correspondence contains an email dated 28 October 2008, sent from Mr Hjorth to Mr Haygreen. It contains a draft of an email to a third party, later signed off by Mr Haygreen, in which Mr Hjorth says:

“I have joined David Haygreen as partner in Tornado. In the last couple of years I have worked as Danish distributor but have now taken over on the daily running of Tornado Boats International and further development of the products and dealer network.

[...] In the meantime please feel free to address all inquiries (sic) to me. You can of course always still contact David – but the idea is that I will deal with the daily business [...]”

30. I also note an email from Mr Hjorth to Mathew (who I presume to be Mr Ma), dated 2 December 2008. Mr Hjorth informs Mr Ma that he and his wife have been running ‘Pablo Marine’ for 27 years and that, two years prior, they had approached Mr Haygreen and agreed to sell ‘Tornado’ boats in Denmark. He also says that, in the summer of 2008, they agreed with Mr Haygreen to start a process that would eventually result in them taking over from Mr Haygreen completely in daily work and ownership. The email suggests that Mr Haygreen was, at that time, still involved behind the scenes, though Mr Hjorth and his wife had been handling all contact with dealers and customers.

31. Moreover, an email from Mr Hjorth to info@rinsforsale.com (a third party), dated 3 February 2009, sought to correct the latter’s description of ‘Tornado’. Mr Hjorth says as follows:

“You write that there was a change of ownership in 2006.

This is not correct. In 2006 the original owner Mr. David Haygreen moved the production to a new factory in China. At that time there was no change in ownership [...]

In 2008 I joined David Haygreen as equal owner and we have now moved our corporate headquarter to Denmark. [...]

We are supplying UK customers direct from Denmark and are also looking for new UK dealers.”

32. On the same date, Mr Haygreen emailed Mr Hjorth regarding the above to say it was an “excellent” email and that all the facts were “spot on”.

33. In an email to Mr Hjorth on 19 February 2009, Mr Haygreen stated that:

“[...] I cannot deal with Mathew anymore [...]

I have suggested to Mathew he deals with you and I stay out of the picture completely.

Do you have any ideas on the way forward and anything you would like me to do. I still have some money in the account I can send to you to help fund things along.”

34. I also note that in reply to an email sent from Katherine Hjorth to Mr Haygreen on 24 June 2009, Mr Haygreen stated as follows:

“[...] I would like to say once more that letting you both take over is what I have said and what I have agreed to. There is no way I will change from that. So do not worry about that part. It is verbal but giving my word has greater strength than any written agreement though we should write down what we have agreed.

For example if we get the business back to the UK or Denmark then you two carry on with the running of it. I have no interest in taking over or selling it out to anyone else.

I would like to stay involved and contribute to the running. Plus have a boat to have a play in and do some diving and finally earn something out of the business in return for passing the business over to you. [...]

I want to retain some interest in Tornado as it is the “baby” I created. [...]

35. The next chain of email correspondence begins with one from Mr Haygreen, dated 17 May 2011, to Mr and Mrs Hjorth. Within the same, he requests an update and says that “I am not receiving any payments for letting you run the sales and we have no agreement”.

36. A response was sent from Mrs Hjorth the same day. She agreed that a solution was needed and stated that “we need to find an agreement to what this company was/is worth and how we are to pay for it and also how to pass over the ownership of the old Tornado”.

37. On 30 May 2011, Mr Haygreen emailed Mrs Hjorth to say as follows:

“[...] Sale of Tornado and/or money to be paid to me as a licensing agreement. To start you have talked about buying the company off me and put a figure what you feel it is worth at about £500000. This is not a figure which I feel represents the true value of the business however this can be the subject of further discussions.

If we take the figure of £500000 how do you propose to pay this and importantly can you raise this sum of money.

Next you have had the use of this sum of money for approximately the last 30 months. In that time I have had a return on the investment of approximately

£20000. To put that into context this is proving to be a poor investment for me.
[...]

The summary is that I need to be seeing a much better return on this investment and this before we get into buying me out. [...]"

38. Mrs Hjorth replied to the above on 2 June 2011. Notably, she said that:

"[...] I am convinced that we have saved the brand and in that retrospect (sic) then 500.000£ is way too much. However, as I have said earlier then we need to figure out an agreement of how much the brand is worth no matter which solution/contract we end up with. The value must be the starting point of any discussion. What would you say that the brand is worth?"

"[...] we will need time to raise the money for a takeover of the brand and to find a solution that suit both parties [...]"

39. On the same date, Mr Haygreen responded. The pertinent parts of his email appear to be as follows:

"[...] I see little point setting things up if I am getting no return. We have a verbal agreement which I am quite prepared to stick to despite some communication problems. Your e mails appear to say the same though I am beginning (sic) to wonder if you (sic) having second thoughts [...]"

40. After a response from Mr Hjorth concerning other issues on 6 June 2011, Mr Haygreen stated, by email on 8 June 2011, that:

"[...] what are you offering for Tornado. [...]"

Are you intending to pay me anything for me allowing you to run sales etc. If you are not going to pay me anything then just say so as I will make arrangements to move on. I am beginning to think you are trying to take advantage of me and the situation. I have a strict code of ethics and when I give

my word I stick to it. If you wish to break what was agreed then just say so and I will deal with things accordingly. [...]"

41. After Mr Haygreen appeared to receive no response from Mr or Mrs Hjorth, he emailed them on 15 June 2011 to terminate their commercial relationship. He said:

"I am very disappointed not to have heard from you reference Tornado. It appears that you are trying to take advantage of me and the opportunity I presented you.

As the owner of Tornado... the name and brand, the marketing rights, the designs and the copy rights I am terminating your involvement with Tornado immediately... effective this day June 15th 2011.

[...]

I have this day set up production of Tornado in the UK."

42. Mrs Hjorth responded to Mr Haygreen on 16 June 2011, stating that:

"[...] When we first met you you (sic) talked about us taking over and you giving Tornado away for free. I am not mentioning this because I do not believe that the brand has a value. I would be happy to give you money for the brand. [...]"

The brand is very hard to value, no doubt about it. It is your life work and in that sense priceless. However, I suggest that we pay you a fixed amount each month for a fixed period. [...] The ownership will gradually be handed over to us proportionally to the years that has passed, which means that we will ow[n] 50% of the brand after 5 years. [...]"

We could also work out a proposal based on a percentage of the turnover, this is more complicated and if we end up with poor years we either end up not paying you as the turnover will be low or we will never be handed over the brand."

43. On 21 June 2011, Mr Haygreen stated that:

“[...] I do need to give your proposal serious thought.

I have a question concerning the last two plus years. [...] We need to deal with this period before we can settle the ongoing situation. As the original verbal discussion and agreement concerned paying me a royalty or licence fee then this period should be concluded by agreeing what this licence fee should be. As stated before Tornado was valued at 1.7 million. [...]

In a way I have rented out Tornado to you [...].”

44. On the same date, Mrs Hjorth responded by saying:

“[...] We are more than willing to pay you [...]. We did pay you even though there were no profit. [...]

You stated several times that we shouldn't pay you the first year as you knew it would be hard work for us in the beginning – and it was. [...]

In 2010 we sent you some money and was more that (sic) willing to pay your expenses [...]

Amount paid

[...]

Royalty for the Tornado brand 15.000 euro

Royalty for the Tornado brand 5.000 euro [...]

The problem with all this is that we never have agreed to a contract and subsequently we do not know where we stand and what we are to pay or when

the brand will be ours. It would be great if we didn't have to make a contract, but time has just shown that we need to write something down – what we expect from each other – in order not to get disappointed or risk loosing (sic) the business. [...]"

45. On 22 June 2011, Mr Haygreen emailed Mrs Hjorth to say as follows:

"So you are saying the 33490 pounds below in your e mail... the total of what you have paid me so far plus the cost of the repairs is my royalty payment for the last 2.5 years. And that nothing more will be paid to me for that period. [...]"

46. To this, on 23 June 2011, Mrs Hjorth said:

"I see this as a negotiation. I am not shutting any doors, just letting you know how I see it and then I hope that you will let me know how you see things... We need to get the facts on the table that's all. [...]"

47. On the same date, Mr Haygreen said:

"[...] The facts are these (to repeat) I am earning no money from this arrangement and if I am earning no money from it then there is no point this situation carrying on. [...]"

The sum of money you have offered is not good enough and I am not prepared to accept it.

My previous e mail and the letter of termination still stands and you have to stop selling and marketing Tornado and close the website down immediately. [...]"

48. Later on the same date, Mrs Hjorth responded to Mr Haygreen to say:

"You say that it is not acceptable, if not then what is? [...]"

You say that you want to settle the old score first, but what about the future?
And what about my proposal. [...]"

49. The final email in the chain is from Mr Haygreen to Mrs Hjorth, also on 23 June 2011. Within the same, Mr Haygreen says:

"Do you have 1.7 million pounds as I would sell at that. Obviously you do not think it is worth that and worse you do not even think its worth the 500,000 pounds you put on the business. I think we are too far apart with our values to sort something out. [...]"

The fact is I am taking control of my business as the arrangement with you has not worked out. I have set up a second production facility in England and if you wish to still sell Tornado it will be as the dealer for Denmark."

50. The evidence shows that there was an intention from Mr Haygreen for Mr and Mrs Hjorth to take over the running of the 'Tornado' business from 2008 onwards. This is clear from the email he sent to Mr Hjorth on 14 October of that year in which he said, "you are taking over running" and "will leave that to you to decide as new CEO". It is also clear from the fact that Mr Haygreen signed off Mr Hjorth's email to a third party on 28 October of that year in which he explained that he was taking over the daily running of the company. However, these emails both suggest that Mr Haygreen still had involvement in the company, albeit behind the scenes. I also note the email to Mr Ma, the company's partner in China, on 2 December of that year in which Mr Hjorth explained that he had agreed with Mr Haygreen to start a process that would eventually result in a complete takeover in daily work and ownership.

51. In February 2009, Mr Hjorth was clear in an email to a third party that there had been no change of ownership in 2006, though he said that he joined with Mr Haygreen as equal owner of the business in 2008. Mr Haygreen said that these facts were "spot on". In June 2009, Mr Haygreen reiterated his desire for Mr and Mrs Hjorth to take over the business; this, he said, is what he had verbally agreed to. However, he also said that he would like to stay involved and contribute to running the business, as well as retain some interest in it.

52. The situation appears to have changed in 2011. Mr Haygreen said on 17 May 2011 that he was not receiving any payments for letting Mr and Mrs Hjorth run the sales and that they had no agreement. The latter appears to have been acknowledged by Mrs Hjorth when she said that they needed to find an agreement about the value of the company, how they would pay for it, and how to pass the ownership over. From 30 May 2011 onwards, there was a back and forth between Mr Haygreen and Mr and Mrs Hjorth, wherein figures were discussed as to the value of the company and how they would take over ownership. Throughout this period, both parties clearly understood that ownership had not passed on to Mr and Mrs Hjorth in any official capacity. For example, Mrs Hjorth said on 2 June 2011 that “we will need time to raise the money for a takeover of the brand”, whereas, on 15 June 2011, Mr Haygreen reasserted his rights as the owner of the ‘Tornado’ brand and terminated Mr and Mrs Hjorth’s involvement in the company. Moreover, although Mr Haygreen appears to have earlier signed off on Mr Hjorth’s comment that they were equal partners in 2009, this does not appear to have been the situation as understood by either party. In my view, this is demonstrated by, *inter alia*, Mrs Hjorth’s proposal in 2011 for her and Mr Hjorth to pay Mr Haygreen over a fixed period in exchange for ownership being gradually handed over to them, resulting in them owning 50% of the brand after 5 years. Had Mr and Mrs Hjorth already been joint owners, one would expect any takeover proposals to concern only any remaining stake that Mr Haygreen owned in the business.

53. After this point, offers and proposals were made by Mrs Hjorth. However, Mr Haygreen was clearly unhappy with the financial situation over the previous years. He said that the original verbal agreement concerned Mr and Mrs Hjorth paying Mr Haygreen a “royalty or licence fee”. Mrs Hjorth acknowledged that they had actually paid royalty fees for the brand. On 23 June 2011, Mrs Hjorth expressed that she still, at that point, saw it as a negotiation. On the same date, Mr Haygreen rejected the offers made and restated that their involvement had been terminated.

54. The impression of events as set out in the email evidence is broadly consistent with Mr Hjorth’s statement. He says that in 2006 he and Mr Haygreen agreed for him to distribute and sell ‘Tornado’ boats in Denmark. In around September 2008, Mr Haygreen is said to have proposed that Mr and Mrs Hjorth take over the company,

providing things were going well after a year of running it. Mr Hjorth also indicates that Mr Haygreen remained involved in the background, at least initially.

55. To my mind, the evidential picture shows that there had been an initial plan for Mr and Mrs Hjorth to take over the 'Tornado' business from Mr Haygreen. However, such an agreement was never made official and there is no evidence of any written, or otherwise formal, agreement to that effect. No matter what the parties had verbally agreed, or what Mr Haygreen's intentions were at the beginning of the commercial relationship, I do not consider that ownership of the business, nor any intellectual property rights in the brand, were ever transferred to Mr and Mrs Hjorth. This is supported by the evidence and, in particular, the email correspondence in the months leading up to the complete breakdown of the relationship. Moreover, it seems to me that Mr Haygreen remained involved in the business for a period after Mr and Mrs Hjorth took over the running of day-to-day operations, albeit at times this was limited to providing advice as and when required. In addition, it appears that there was a condition on Mr Haygreen's offer for Mr and Mrs Hjorth to eventually take over the business. There is evidence which suggests that, when they initially took over the running of the business, this was intended to be a trial period, after which Mr Haygreen would decide whether the plan they had verbally agreed should proceed, based upon the business' performance.

56. The fact that Mr Haygreen later reneged on what the parties had verbally agreed may seem unsavoury to the opponent, particularly when Mr and Mrs Hjorth were led to believe that they would eventually be taking over the company (subject to performance), but it does not strike me as indicative of a departure from accepted standards of ethical behaviour or honest commercial and business practices. As Mr Haygreen remained the rightful owner of the company in the period covered by the evidence, seeking registration of the contested mark was, in my view, an entirely legitimate objective. As the case law above makes clear, bad faith is a serious allegation which must be distinctly proved. Taking all the above into account, I am not satisfied that it has been established that the application for the contested mark was filed in pursuit of the alleged objective. As there is no evidence of any actual transfer of ownership, the opponent has failed to raise a *prima facie* case of bad faith. The opponent's claim is, therefore, dismissed.

Conclusion

57. The opposition under section 3(6) of the Act has failed.

Costs

58. As the applicant has been successful, it is entitled to a contribution towards its costs. Based upon the scale published in Tribunal Practice Notice 2/2016, I award the applicant the sum of **£1,100** as a contribution towards the cost of the proceedings. This sum is calculated as follows:

Considering the opponent's statement and preparing a counterstatement	£300
Preparing evidence and considering the opponent's evidence	£500
Preparing written submissions	£300
Total	£1,100

59. I hereby order Tornado Boats International ApS to pay David Haygreen the sum of **£1,100**. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of the proceedings if any appeal against this decision is unsuccessful.

Dated this 25th day of April 2023

James Hopkins
For the Registrar