

O-497-14

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK REGISTRATION 1332605  
IN THE NAME OF SHENZHEN SHANLING DIGITAL TECHNOLOGY DEV. CO.  
LIMITED  
IN RESPECT OF THE TRADE MARK:**

**ONIX**

**IN CLASS 9**

**AND**

**AN APPLICATION TO RECTIFY THE REGISTER (UNDER NO. 84215) BY  
ADAM WILLIAM JOHN WORSFOLD**

## THE BACKGROUND AND PLEADINGS

1) Registration 1332605 is for the trade mark ONIX in respect of various goods in Class 9. It currently stands in the name of Shenzhen Shanling Digital Technology Dev. Co. Limited (“the proprietor”). An application for rectification was made by Mr Adam William John Worsfold (“the applicant”) on 25 October 2011 and relates to a dispute over ownership.

2) The applicant requests that the register be rectified to record himself as the proprietor. He claims to be the rightful proprietor of the mark and that the mark was never assigned from him at the time of the first purported assignment in 1995. His full claim can be summarised as follows:

- On 26 June 1995, Onix Electronics Ltd (“OEL”) filed a Form TM16 to record a purported assignment of the mark from the applicant;
- In support of this action, OEL provided certain documents that included a copy of a sale agreement that purportedly assigned the mark (provided as an exhibit to a statutory declaration by Michael Colm O’Brien dated 14 June 1995);
- The applicant claims that the sales agreement did not, in fact assign the mark as a result of a failure by Mr O’Brien to fulfil his obligations required by the agreement;
- Following some clarification by the Registry, it recorded the assignment on 20 July 1995. The applicant claims that, in light of the above, the recordal of the assignment was made in error and that all subsequent assignments should be declared invalid and removed from the register;
- By letter of 26 June 1995, OEL’s representative stated that the applicant could not be obtained in order to sign the Form TM16 and Mr O’Brien, in his statutory declaration, stated that the applicant could not be traced. The applicant claims that the signature was never requested of him, and if it had been, he would have refused. He further claims that OEL were well aware of how to contact him at that time because they were engaged in litigation;
- It is also claimed that the two copies of the agreement filed by Mr O’Brien were not executed copies but rather copies signed individually by each party prior to exchange (that never occurred);
- By letter of 18 July 1995, OEL’s representatives states that “The transfer of shares ... was effected in accordance with the Agreement dated 5 July 1991 between Adam William John Worsfold, Michael Colm O’Brien and Onix Electronics Limited”. The applicant claims this is irrelevant because the agreement was bad for want of consideration and found to be void by a decision of the High Court. Consequently, it cannot be used as proof of assignment;

- In his statutory declaration, Mr O'Brien stated that "whilst reviewing the Company files in Autumn 1994, details of the Trade Mark Registration No. 1332605 came to light." The applicant contends that it follows from this statement that the agreement dated 5 July 1991 could not have included the mark because it was unknown to the buyer at that time. Further, the mark was not an asset of the company, but rather was registered in the personal name of the applicant. He states that the mark was held by himself in trust for OEL for promotional use and the words "benefit" of the name "ONIX", "ONIX RADIO" and "ONIX ELECTRONICS" refer only to the branding of the products and not to the ownership of the mark. Paragraph 5.1 of the sale agreement of 5 July 1991 did not include the mark. It is claimed that all these points support the applicant's position;
- The applicant alerted the Registry by telephone and letter that there was an error in recording the assignment, but claims that due to lack of knowledge of procedure, the correct process to put his submissions forward was not pursued. Rather, he believed that the Register would correct the error;
- The applicant was not aware that the current proprietor was recorded as registered proprietor and requests that the official record is corrected to record himself as the registered proprietor of the mark.

3) The proprietor filed a counterstatement in the form of written submissions in response to the applicant's claims and also evidence in the form of two witness statements. I will refer to the evidence later, but the submissions can be summarised as follows:

- The application for rectification is considered to be vexatious and no convincing reason has been advanced as to why these proceedings have been brought fifteen years after the contested assignment took place;
- The applicant did not make any objection to the recordal of OEL as registered proprietor of the mark back in 1995, nor at any time since, even though he was aware of it at the time;
- The various assignments of the mark since 1995 have been made in good faith and valuable consideration. The assignees were entitled to rely upon the official record illustrating the assignors were duly measured;
- Under English law the proprietor may not suffer any sanction from any objection raised by the applicant subsequent to the assignments whatever the merit of such an objection;
- The applicant has unreasonably delayed pursuing his alleged right to ownership. Having made a substantial financial investment, if the rectification were granted, the proprietor would be in a worse position now than if the claim had been

brought in a timely manner. Accordingly, the application should be stopped from bring this action under the legal principle of laches;

- Renewal fees have been made since 1995 without the involvement of the applicant and the applicant himself relates how when a renewal notice was forwarded to him in January 1995 it was returned from his last known address. Consequently it appears that the applicant was content for others to burden the costs of maintaining the registration of the mark and it is untenable for him now to assert his right to benefit from those actions and costs;
- Further, the proprietor denies that the Registry was in error when recording OEL as the registered proprietor. It was provided with the necessary evidence of the assignment;
- It is submitted that the evidence provided at the time of the recordal of the assignment demonstrated that the contracts were exchanged. Two copies of the sale agreement were provided as evidence at the time, both dated 5 July 1991 and the applicant signed his copy, both in his personal capacity and as a director of OEL and in the presence of a solicitor. A historical search for documents by Mr Roger G Millman, includes documents showing the documents were exchanged, that OEL discharged its financial obligations under the agreement. It claims that these papers illustrate that the applicant was, at that time, also seeking to enforce other terms of the agreement and argues that this is inconsistent with the applicant's position that the agreement was never exchanged;
- There is no evidence to support the applicant's view that the Registry noticed that the copies were pre-exchange copies nor that it ever questioned that the assignment had occurred. Confirmation of the share transfer was requested so as to satisfy the Registrar that the parties had fulfilled their financial obligations under the agreement;
- The applicant's claim that the agreement was deemed void and illegal by a decision of the High Court is denied. Neither Mr O'Brien nor Mr Millman has any knowledge or evidence of any such decision and the applicant is put to proof on this point;
- The absence of an explicit mention of the contested mark in the agreement does not mean that it was not part of it. To support this, it refers to paragraphs 5.1 and 5.2 of the agreement where it is states "that the entire benefit of the Business ... was effectively transferred to [OEL] on 1<sup>st</sup> October 1990 and that, to the extent that assets ... have not been transferred or registered in the name of [OEL] such assets have been held in trust by [the applicant] for the benefit of [OEL] and will continue to be held until transfer has been completed" and "[the applicant] confirms that [OEL] is entitled to the full benefit of the names "Onix", ..." The proprietor contends that "full benefit" could only be enjoyed if it also was the registered proprietor of the mark;

- The applicant's claim that he was involved in litigation with OEL between 1992 and 1999 is denied. Mr O'Brien is unaware of any litigation between himself and the applicant after 1993. Consequently, it is claimed that the statement on the Form TM16 and in Mr O'Brien's declaration that the applicant could not be contacted in 1995 is correct;
- It is not admitted that the applicant corresponded with the Registrar in 1995 regarding the alleged incorrect recordal of the contested assignment and he is put to proof on this point. The representatives of OEL at that time did not receive any notification of this claimed correspondence as would have been usual. Regardless, neither OEL nor future registered proprietors of the mark can be held responsible for any consequences arising from the applicant's mistaken belief as to the correct procedures;
- Even accepting the applicant's claim that litigation continued until 1999, it is not possible to explain why the rectification of the register would have been delayed beyond this time and until 2011.

5) Both sides filed evidence and both sides ask for an award of costs. The matter came to be heard on 5 November 2014 when the applicant was represented by Mr Peter Groves of C J Jones Solicitors LLP and the proprietor was represented by its own Mr Pan Xie.

### **The applicant's evidence**

6) This is in the form of a witness statement by the applicant. He refers to the official record on the Registry's file for the contested mark, stating that it is a matter of public record and his objection to the recordal of the assignment is recorded in the file. In this respect, the following letters on the file are relevant (where exhibited by the applicant, I note this):

**19 August 1995** (Exhibit AW1): letter from the applicant to the Registry stating that the mark is subject to extensive litigation, that his attempt to renew the mark should be accepted (it had already been renewed by OEL) and for the Registry to confirm in writing that it had corrected the register to record himself as the registered proprietor and for his attempt to renew the mark to be accepted.

**21 August 1995** (Exhibit AW4): A letter from John Healy & Co, acting for the applicant, notifying the Registry that the applicant is involved with substantial litigation between himself and OEL and that the contested mark was an issue of this litigation.

**21 August 1995** (Exhibit AW4): a letter from the applicant to the Registry requesting that his attempt to renew the mark be accepted in the face of an

already accepted renewal by OEL and that he be recorded as the registered proprietor.

**24 August 1995:** Letter from the Registry to the applicant explaining its position. It concludes that:

- a) it was satisfied that devolution of title had taken place, and
- b) in order for the recordal of the assignment to be reversed, an application for rectification for the correction of an error may be made under the provisions of Section 64(2).

**7 September 1995:** Letter from John Healy & Co Solicitors requested a copy of the papers used to determine the recordal of assignment.

**10 October 1995:** Letter from the Registry to John Healey & Co providing the requested papers. Nothing further was received on the issue.

7) At Exhibit AW2, the applicant provides a copy of a file note from the Registry file, dated 12 July 1995 where the question was raised as to whether two separately signed copies of the sales agreement amounted to evidence that the agreement was properly concluded. It further queries whether conditions set down in the agreement were ever met. It is suggested that the way forward would be to establish whether paragraph 4.1.1 of the sale agreement had been complied with, i.e. that the transfer of shares between the parties referred to in that paragraph of the agreement had taken place.

8) In response to Mr O'Brien's claim that he is unaware of any litigation between the parties after 1993, the applicant provides, at Exhibit AW3, a copy of a letter dated 20 July 1994 from Mr O'Brien's solicitors to the applicant serving documents upon him and claiming it will be seeking a bankruptcy order against him at a hearing scheduled for 6 September 1994. Other documents are provided that pre-date this letter. The applicant claims that these demonstrate that around the time of OEL's filing of the Form TM16 on 26 June 1995, Mr O'Brien was engaged in litigation with him and knew full well how to contact him.

9) A further file note from the official file is provided at Exhibit AW4. It takes the form of a record of a telephone conversation between the applicant and the Registry, dated 23 August 1995. It records that he was told that the documents provided appeared to prove devolution of title and that if he disagreed an "infringement/rectification should be pursued". It records the applicant's view that the error should be corrected at no cost to himself, that the Registry would be liable for any costs incurred and that it would be party to any court action. The applicant also stated that he was already in litigation regarding this matter.

## **The proprietor's evidence**

10) This takes the form of two witness statements, the first is by Mr O'Brien, Director of OEL between 1990 and 1997. The second is by Mr Millman, consultant with Druces LLP and prior to this, senior partner at Arnold Fooks Chadwick LLP ("his company"). The two companies merged in January 2013.

11) Mr O'Brien states that, to the best of his knowledge, he and OEL discharged their obligations under the sale agreement of 5 July 1991.

12) Mr O'Brien also confirms his statement made as part of the proprietor's counterstatement that he is not aware of any High Court decision declaring the agreement void and illegal.

13) Finally, Mr O'Brien stands by the content of his statutory declaration of 14 June 1995 and that, to his knowledge, there was no litigation between Mr Worsfold and himself after 1993 and that numerous, unsuccessful attempts were made to contact Mr Worsfold thereafter.

14) Mr Millman states that his company did not act for any of the parties at the date of the sale agreement in 1991, but that the company acted for Mr O'Brien and OEL since at least 1994 and it received documents relating to the agreement from their former solicitors. Mr Millman states that it is clear from these documents that the sale agreement took effect. At Exhibit RGM1 he provided a copy of a letter dated 28 August 1991 from Mr Worsfold's then solicitors, Burstows to Steggle Palmer, Mr O'Brien/OEL's solicitors at the time. He highlights that it is stated that Burstows confirms "that [it was] now in a position to complete the Agreement..."

15) Further, at Exhibit RGM2 is a copy of a letter, dated 13 November 1992, from Cockburn Gostling & Co, Mr Worsfold's solicitors at that time. The letter confirms the existence of the agreement and seeks to enforce other terms of the agreement. Mr Millman states that this is clearly inconsistent with Mr Worsfold's assertions that the agreement was not effective.

16) Finally, Mr Millman states that he does not know of the High Court proceedings referred to by Mr Worsfold and offers the view that such an action would not succeed in relation to the agreement.

## **Registered Proprietor's further evidence**

17) This takes the form of a second witness statement from Mr Millman. At Exhibit RGM3, he provides a further document discovered that is relevant to the question of whether the sales agreement was duly completed. It is a copy of a letter dated 27 September 1991 from Mr O'Brien's representatives at that time to his accountants. It states that "we recently completed ... the acquisition from [Mr Worsfold] of his 650 shares in [OEL]. A stock transfer form, signed by Mr Worsfold, was attached and this is

also shown. The letter also states that they are presently arranging to have the share transfer forms stamped. Mr Millman states that it is this handing of the executed stock transfers which in effect constitutes completion and it is inconceivable that completion did not take place.

### **Applicant's further evidence**

18) This takes the form of a second witness statement by the applicant. He states that this dispute is one of a number of worldwide disputes between the parties. And includes a dispute regarding the proprietor's attempt to register a Community Trade Mark ("CTM") in respect of "Onix Electronics".

19) He states that when he launched these proceedings, he did not expect them to be defended because the proprietor makes and has made no use of the mark. Exhibit AWJW7 is a "screen dump" showing the proprietor's home page where a completely different mark is shown.

20) In response to Mr Millman's evidence, Mr Worsfold states that he misses the point and he states that he fulfilled his obligations under the agreement, but Mr O'Brien and OEL did not fulfil theirs.

21) At Exhibit AWJW9, the applicant provides part of an opinion obtained from counsel regarding a potential claim for professional negligence against his representatives who advised him at the time of the 1991 agreement. Exhibit AWJW10 is a letter from John Healy & Co to those representatives, dated 10 June 1994. It sets out that the applicant had sought to enforce provisions of the agreement against OEL by way of a winding up petition and that when the matter came before the Companies Court on 5 July 1993, the judge expressed doubt concerning the enforceability of the contract by reason of the operation of Section 151(1) of the Companies Act 1985. As a consequence of such doubts, the court dismissed the applicant's petition and ordered him to pay costs. It further appears to state that he had full legal aid to pursue Mr O'Brien and OEL for breach of contract if the contract was enforceable and his representatives at that time for professional negligence if it was not.

22) The applicant states that before any of these claims could be heard, OEL fell into difficulties and was wound up in 1997 and he believed that the mark had "died with the company" and knew nothing of its onward assignment. This only became apparent when the proprietor's attempt to register a CTM came to his attention in 2011.

### **Cross Examination**

23) Both the applicant and Mr O'Brien attended the hearing for cross-examination. Both struck me as honest and reliable witnesses, insofar as their testimony can be relied upon when recalling facts regarding circumstances in the early and mid-1990s.

### ***Cross examination of Mr Worsfold***

24) The applicant was asked to explain that if he believes the agreement was not valid, why did he appoint Berstows to complete it in 1991 and why did he appoint Cockburn Gostling to enforce the other terms of the agreement in 1992. The applicant explained that he was a young individual seeking advice from lawyers and that subsequently he called into question the actions of both lawyers and whether they acted in his best interests.

25) The applicant was asked to explain why he has challenged the mark now when the contested assignment took place in the 1990s. He explained that he took no action whilst there was parallel litigation ongoing between himself and the original assignee, OEL.

26) The applicant was asked to explain how OEL was intended to benefit from the mark "Onix" if it did not own the mark. The applicant explained that the mark was registered in his name and the registration was never included in the agreement and was never intended to be passed over to OEL.

27) He was also asked to explain why he appeared content to permit others to maintain the registration in the intervening years. The applicant explained that he was unaware that the next renewal of the registration was not due until the mid-2000s.

28) The applicant was asked why, if he believed the mark was his and was so important to him, there has been no market activity in recent years. He responded by stating that he was in the process of making products, but this has been halted by the current dispute.

### ***Cross examination of Mr O'Brien***

29) Mr O'Brien confirmed that he only became aware of the registration in the Autumn of 1994, when he found the details in OEL's company records. He confirmed the timing but stated that he must have been made aware of it by either Dehn & Co or Roger Millman rather than from the records of OEL.

30) Mr Groves put it to Mr O'Brien that because the agreement made no express reference to the registration in issue, then the agreement could not have included it and, further, Mr O'Brien must have been of this view because he admits in his written evidence that he did not become aware of the registration until 1994. Mr O'Brien responded by explaining that he believed the drafting used in Clause 5.1 of the Agreement was such that it covered the registration.

31) Mr O'Brien was questioned on whether the obligations placed upon OEL by the agreement were met. He responded by identifying HP agreements and unpaid VAT being complied with as part of OEL's responsibilities arising from the agreement.

32) Mr O'Brien was challenged on his statements made in his statutory declaration, filed in support of the original request to the Registry to record a new proprietor, that he had tried and failed to contact the applicant at the time. He explained that the applicant had three different addresses at the time and the original renewal reminder was not received by the applicant, but rather it was returned to his representative at the time. Mr O'Brien was unable to recall what efforts he undertook to track down the applicant, other than he was advised by one of the staff that he had left the country.

## **DECISION**

33) Rectification claims of this manner are governed by Section 64 of the Act. This reads:

“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.

(4) [...].

(5) [...].”

34) The applicant was the original proprietor of the registration at issue and he is contesting the validity of the recordal of an assignment of the registration from himself to OEL. Consequently, he has the requisite interest in this matter sufficient for the purposes of Section 64(1) of the Act.

35) The primary argument put forward in support of the applicant's case is that at the time of the agreement between his company and OEL in 1991, the registration in question was in his personal name and not the name of his business and therefore, regardless of the interpretation of the agreement, it could not have been covered by the agreement. Consequently, his business, Onix Audio, could not have possibly assigned the trade mark to OEL. In case I was to find against the applicant on this point, the fall back argument put forward is that, notwithstanding the ownership point, the construction of the agreement is such that it could not be interpreted as including the assignment of the contested registration.

36) Before I consider these arguments, it is necessary to consider the proprietor's claim that whatever the merits of the applicant's case, he has left it too late to require that the register is corrected to record himself as the proprietor. The applicant commenced these proceedings in 2011 and has explained that he only became aware of the proprietor's interest in the mark as a result of its attempt to register the mark "Onix Electronics" as a CTM in that year.

37) As Mr Groves pointed out, there is nothing in the Act that places a time limit upon such actions, however, laches is a common law defence. In this respect, I am mindful of the comments made by the Court of Appeal in its judgment in *Gary Booker & Onward Music Limited v Matthew Fisher* [2008] EWCA Civ 287, Mummery LJ commented:

"83. I agree that delay on its own is insufficient to raise a defence and to prevent a person from enforcing his legal claim to property. Whether the delay in notifying and pursuing a claim to a property interest is unconscionable and inhibits the granting of equitable remedies for the enforcement of a legal right depends on the conduct of the parties, judged objectively as regards the length of the delay, the reasons for it, the knowledge of the parties, the consequences of the conduct, the difficulty of going back and restoring parties to their original positions and all other circumstances relevant to acquiescence and laches."

38) The letter on the official file from the Registry to the applicant, dated 24 August 1995, provided detailed information about how to challenge the recordal of the assignment to OEL. The applicant has explained that he was advised, by his then legal advisers, not to pursue rectification whilst he was involved in litigation before the High Court against OEL. OEL entered into liquidation in 1997 so the High Court case was never heard and the applicant believed that the registration died with OEL. At the hearing Mr Groves explained that the applicant felt, at that time, that he did not consider it necessary to pay the £200 to apply to rectify the register. Whilst this was clearly an erroneous belief, because OEL remained on the register as the recorded proprietor, it does provide a credible explanation as to why he did not pursue rectification in 1997. Further, he has also provided a credible explanation for the delay in bringing his action between 1997 and 2011 (see paragraph 22). Taking account of all of this, I am content that there is nothing in the reasons for the delay or the conduct of the applicant that would result in the applicant being debarred from bringing his case. Further, beyond claiming that the applicant has left it too late to bring a claim and making the uncorroborated claim in its counter statement that had made substantial financial investment in the mark, the proprietor has not put forward any evidence to demonstrate that it will be disadvantaged as a consequence of rectifying the register to record the applicant as the proprietor. The applicant has stated that the proprietor does not conduct any trade under the mark and this has not been refuted. There is nothing before me demonstrating that the proprietor has any business interests identified by the mark ONIX. Taking all of this into account, I find that the applicant is entitled to bring such a claim at this time.

39) Next, I will consider the applicant's case that the sale agreement between himself, Mr O'Brien and OEL dated 5 July 1991 did not include the assignment of the registration. This was attached to Mr O'Brien's statutory declaration dated 14 June 1995 that is to be found on the official file. It is argued by the proprietor that this agreement had the effect of assigning the contested registration to OEL. In order to consider this, it is necessary to analyse the relevant text of the agreement which reads:

"A. The vendor [the applicant] was the sole proprietor of a business known as "Onix Audio" engaged in the manufacture of hi-fi products ("the business")

B. [OEL, referred to as "the Company"] ...was formed for the purposes of acquiring the Business from the Vendor with effect from 1<sup>st</sup> October 1990."

40) The sale agreement provided that the applicant acquired 65% of the shares in OEL that he then undertook to sell them to Mr O'Brien (described in the agreement as "the purchaser") on the following basis:

"2. Subject to the terms and conditions hereof for the consideration of £1 payable on completion, [the applicant] shall sell as beneficial owner the Shares and [Mr O'Brien] relying on the representations and warranties of [the applicant] shall purchase with effect from the date of this Agreement the Shares free from any charge, lien or encumbrance whatsoever and together with all rights now or hereafter attaching thereto."

41) The transfer of "the business" to the company was detailed in the following terms:

"5.1 The Vendor...confirms that the entire benefit of the business...was effectively transferred to [OEL] on 1<sup>st</sup> October 1990, and that, to the extent that assets not capable of passing by delivery have not been transferred or registered in the name of OEL, such assets have been held in trust by [the applicant] for the benefit of [OEL] and will continue to be held until transfer has been complete. Without prejudice to the generality of the foregoing, [Mr Worsfold] confirms that [OEL] is entitled to the full benefit of the names "Onix", "Onix Audio" and "Onix Electronics" ...."

42) It is common ground that, at the time of this agreement, the contested registration stood in the name of the applicant and not his business, Onix Audio. However, Onix Audio appears to have been a trading name. It was not a party to the sale agreement and the agreement states that Mr Worsfold was its sole proprietor. Mr Worsfold was named in the agreement as "the vendor". Taking all of this together, the submission that his assets in the business were not covered by the agreement is untenable.

43) Further, Clause 1 of the sale agreement states that it "is conditional upon [Mr O'Brien] ... obtaining the release of the [Mr Worsfold] from the guarantee given by [Mr Worsfold] to [a Dutch Bank]". If this was not obtained, the agreement was to cease to have effect. It is apparent from Clause 4 that the agreement would take effect the day

after this condition was met. At that (future) point, the vendor was required to transfer the shares in OEL and the assets in the Onix Audio business to the purchaser. The purchaser was at the same time required to pay the vendor £1 for the shares. The significance of this is that it illustrates that the agreement was an agreement to assign, and not an assignment in itself.

44) Mr O'Brien effectively acknowledged this in paragraph 5 of his statutory declaration of 14 June 1995 where he detailed how he became aware of the registration in Autumn 1994 and established that it stood in the name of Mr Worsfold and stated:

“...even if Mr. Worsfold could be traced, he would not now voluntarily execute a formal assignment, notwithstanding the fact that he formerly agreed to do so (see clause 5.2 of [the agreement]). I suspect that, if Mr. Worsfold could be traced, a court order would be necessary to obtain his cooperation in the execution of a formal assignment.”

45) Therefore, I conclude that the sale agreement did not include the assignment of the contested registration. In case I am wrong, I will also consider if the conditions of the sale agreement were met.

46) The applicant claims that not all of the conditions were met and therefore the sale agreement was not fully enacted. Mr O'Brien claims that to the best of his knowledge the conditions were met as evidenced by the completion of the share transfer. In his statement of case, the applicant, refers to a statement made by OEL's then representatives, Frank B Dehn & Co, in a letter dated 18 July 1995, where it claimed “The transfer of shares referred to in paragraph 4 of the Statutory Declaration was effected in accordance with the Agreement dated 5 July 1991 between [the applicant, Mr O'Brien and OEL]”. The applicant claims that the statement is irrelevant because the agreement “was bad for want of consideration”. He added that the share transfer was found to be in contravention of Section 151 of the Companies Act 1985 and “deemed void and illegal by a decision of the High Court” and consequently cannot be used as proof of assignment.

47) By this statement, the applicant appears to accept that the shares were transferred, but his complaint is that the transfer was subsequently found to be faulty by contravention of the Companies Act 1985. Further, he claims that the transfer was also faulty because of want of consideration. The applicant returns to the issue in his second witness statement, where he explains that Mr O'Brien failed to meet all the conditions of the agreement and he was advised by his legal advisers at the time to present a petition to the High Court. He explains that his petition was heard on 5 July 1993 but was dismissed on the grounds that the share transfer agreement was unenforceable by reason of Section 151 of the Companies Act 1985. He subsequently obtained legal aid to pursue a winding up petition against OEL (if the contract was enforceable) or his legal advisers (for negligence, if it was not). This is supported by a copy of a letter, dated 10 June 1994, that the applicant provides at Exhibit AWJW10 of his second witness statement from his new legal representatives at the time, John Healy & Co to his legal

advisors who represented him at the time of the agreement. The applicant states that before any of these claims could be heard, OEL was wound up (in 1997).

48) The fact that he obtained legal aid to pursue a winding up petition against OEL indicates that the point could not have already have been decided by the court, nor could the agreement have been declared void as the applicant has stated. The true position appears to be set out in the letter by John Healey & Co where it is explained in the following terms:

“Mr Worsfold has sought to enforce provisions of the agreement against [OEL] by way of a Winding Up Petition. The matter came before the Companies Court on 5<sup>th</sup> July 1993 during which the Learned Judge expressed doubt concerning the enforceability of the contract by reason of the operation of Section 151(1) of the Companies Act 1985. As a consequence of such doubts the court dismissed Mr Worsfold’s Petition and ordered him to pay costs of the company in defending the same.

Mr Worsfold’s potential losses, should the agreement be held to be unenforceable, fall broadly into 4 heads ...”

49) It is clear from this passage of the letter that the agreement was not declared void as the applicant has stated. Rather, the highlighted text makes it clear that whilst the judge cast doubt on the legality of the share transfer, the issue of enforceability of the agreement was still a live issue at the time of the letter (June 1994). Further, the applicant states that the claim was never heard because OEL entered into liquidation in 1997. Consequently, on the evidence before me, the issue appears never to have been decided. Nevertheless, the fact that Mr Worsfold was seeking to enforce terms of the agreement indicates that he felt that he had not received some of the benefits due to him under the agreement and casts sufficient doubt in my mind regarding whether the terms of the sale agreement were met.

50) In summary, I have found that the sale agreement of 5 July 1991 was an agreement to assign and not an assignment in itself. There is no dispute that there is no formal deed of assignment. Therefore, I conclude that the registration was never assigned from Mr Worsfold to OEL. Even if I am wrong on this point, and the sale agreement did include an assignment of the registration, there is sufficient doubt to prevent me concluding that the terms of the sale agreement were met. The high point of OEL’s case is that it was entitled to ask a court to order Mr Worsfold to assign the mark pursuant to the agreement. It decided to register the assignment instead without a deed of assignment or Mr Worsfold’s knowledge or consent, knowing by that time, that the agreement was possibly void. I conclude that this was a rectifiable error.

51) Consequently, the application for rectification succeeds.

## **COSTS**

52) The applicant for rectification has been successful and is entitled to a contribution towards his costs, according to the published scale in Tribunal Practice Notice 4/2007.

53) At the hearing, Mr Groves submitted that “Mr Worsfold has been forking out legal fees for a considerable period of time and a considerable amount of money”. The hearing had been postponed three times and he claimed that whilst the hearing had not been fully prepared for on each occasion, steps had been taken to prepare for it and legal costs had been incurred. Further, he cited the proprietor’s representatives removing themselves from the record at the last minute and claiming that this had caused the applicant a great deal of inconvenience and expense. He submitted that this warranted an award off the scale.

54) I have reviewed the file and, generally, the impression I take is that the delays in progressing the case lay with the actions of both sides. There are two situations that I comment on specifically. Firstly, the first case management conference was postponed four times (leading to a two month delay), but upon reviewing the reasons, I believe that the proprietor was not wholly to blame and should not be penalised by way of costs for these postponements. One of the reasons for these postponements was that the applicant identified that the proprietor’s representative was subject to a conflict of interest and consequently it withdrew from the proceedings. The proprietor acted quickly in appointing new representatives.

55) A delay of four months in the proceedings being heard resulted from two postponements, the first as a result of Mr O’Brien’s wife’s medical treatment preventing his attendance and the second time because of the proprietor’s representative withdrawing from the proceedings just three days before the hearing. In my opinion, it is only the latter of these reasons that may have placed an unnecessary and unacceptable cost burden upon the applicant. That said, this cost burden would not have been great. The applicant’s preparation for the hearing could have been picked up from the stage it had reached previously, but I accept further time will have been required to deal with the uncertainties that were created by the situation and I note that it required a number of email exchanges with the Registry. However, I do not believe that an off-scale award is appropriate. Rather, an award of £300 is sufficient to reflect the additional work involved in communicating with the Registry as the uncertainties were unraveled.

56) I will keep the above comments in mind, however, I will not award costs at this stage because any costs order should also reflect any reasonable travel and accommodation expenses incurred by Mr Worsfold in attending the hearing for cross-examination. Such information, together with any supporting documents (such as a hotel receipt, travel tickets etc), should be sent for my consideration within 28 days of the date of this decision. I will then issue a supplementary decision on costs.

**Dated this 25th day of November 2014**

**Mark Bryant  
For the Registrar  
The Comptroller-General**