



Neutral Citation Number: [2021] EWCA Civ 732

Case No: A3/2020/1485

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
INTELLECTUAL PROPERTY LIST (ChD)
INTELLECTUAL PROPERTY ENTERPRISE COURT
Her Honour Judge Melissa Clarke (sitting as a Judge of the High Court)
IP-2019-000170

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 20th May 2021

Before :

LORD JUSTICE LEWISON
LORD JUSTICE NEWY
and
LORD JUSTICE LEWIS

Between :

MR IAN THOMAS **Respondent**
- and -
(1) LUV ONE LUV ALL PROMOTIONS LIMITED **Appellants**
(2) MR WINSTON THOMAS

Mr Aaron Wood (instructed by Blaser Mills LLP) for the **Respondent**
Mr Michael Hicks (instructed by Higgs & Sons) for the **Appellants**

Hearing date : 29TH April 2021

Approved Judgment

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email, release to BAILII and publication on the Courts and Tribunals Judiciary website. The date and time for hand-down is deemed to be 10:30am on Thursday 20th May 2021.

Lord Justice Lewison:

Introduction

1. Ian Thomas and Winston Thomas are half-brothers. They have been previously designated by their various roles (Party B/Party A; Claimant/First Defendant; Respondent/Appellant) which can be confusing. I mean no disrespect, therefore, by referring to them by their given names for the sake of clarity. Between about 1986 until they split in 2016 they (and others) were members of a musical group known as LOVE INJECTION or LUV INJECTION. The group is referred to as a “sound”. The dispute between them concerns who has the right to use the name. Ian has brought a claim in passing off against Winston. In her judgment of 17 June 2020 HHJ Melissa Clark struck out most of Winston’s defence to that claim; and granted an injunction preventing Winston from using the name. Her judgment is at [2020] EWHC 1565 (IPEC), [2021] FSR 4.

The trade mark dispute

2. This is not the first dispute between the brothers.
3. Following the split in 2016, Ian started to perform along with others under the name “Love Injection” and less frequently “Luv Injection”. Winston started to perform under the name “Luv Injection Sound” together with some of the individuals who were involved in the group before the split. They did not include Ian. Winston is also the sole shareholder and director of a company called Luv One Luv All Promotions Ltd which promotes the group operated by Winston under the sign “Luv Injection Sound”. I do not distinguish between Winston and his company except where it is necessary to do so.
4. The first dispute between the brothers arose out of Winston’s application to register trade marks in 2017. The registrations for which he applied were “LUV INJECTION SOUND” and “LOVE INJECTION SOUND”. The first application was made in February 2017 and resulted in the grant of a trade mark in class 41 (entertainment services). The second application was made in October 2017 for registration of the same mark for classes 9 (hi-fi sound systems, music recordings) as well as class 41. The first application was granted; but Ian opposed the second application. He also sought to invalidate the first registration.
5. The proprietor of a registered trade mark has the exclusive right to that mark which is infringed if anyone uses the mark in the United Kingdom without his consent: Trade Marks Act 1994 s 9. That would include the use in the course of trade of a sign which is identical with or similar to the trade mark in relation to identical services (in the latter case where there exists a likelihood of confusion): section 10. If, therefore, Winston had succeeded in registering the mark and retaining the mark already registered, he would have been able to prevent Ian (and anybody else) from using the name without his consent.

6. Section 3 (6) of the Trade Marks Act 1994 provides that a trade mark must not be registered if or to the extent that the application is made in bad faith. This is one of the absolute grounds for refusal of registration. Section 5 (4) provides:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met, ...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

7. This is one of the relative grounds for refusal of registration. Section 38 (2) provides that “any person” may give notice of opposition to an application. Section 47 (1) provides that a registration may be declared invalid on the ground that it was registered in breach of section 3. Section 47 (2) (b) of the Act provides that the registration of a trade mark may be declared invalid if there is an earlier right to which the condition in section 5 (4) applies, unless the proprietor of the earlier right has consented to the registration. Section 47 (3) provides that an application for a declaration of invalidity may be made by “any person”.
8. In *Byford v Oliver SAXON Trade Mark* [2003] EWHC 295 (Ch), [2003] FSR 39 Laddie J said at [32]:

“For the prohibition [in section 5 (4)] to bite, all that needs to be shown is that, at the time of the application to register, the normal use of the mark by the proprietor would be liable to be prevented by passing off proceedings brought by someone else. It may well be that in most cases this will only arise when the other party had commenced using his mark before the proprietor, but it is not inevitably so and the section does not require it to be so. The fact that the convenient title “proprietor of an earlier mark” is used to designate the other party does not limit the scope of the section.”

9. Since Laddie J’s decision, the width of section 5 (4) has been curtailed by the Trade Marks (Relative Grounds) Order 2007. Article 2 of that Order provides:

“The registrar shall not refuse to register a trade mark on a ground mentioned in section 5 of the Trade Marks Act 1994 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right.”

10. Article 5 provides:

“(1) Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).

(2) Those persons are—

(a) ...

(b) in the case of an application on the ground in section 47(2)(b) of that Act, the proprietor of the earlier right. ...

(3) So much of section 47(3) of that Act as provides that any person may make an application for a declaration of invalidity shall have effect subject to this article.”

11. The order came into force on 1 October 2007 and did not have retrospective effect. These restrictions on who may apply do not apply to an application for a declaration of invalidity on the ground that it was registered in bad faith, which is not a relative ground for refusal. It is still the case that anyone may apply for a declaration of invalidity on that ground: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [181].
12. The trade mark dispute resulted in a hearing before a hearing officer in the UKIPO. HHJ Clark’s decision to strike out the defence in the current proceedings is almost entirely dependent on what the hearing officer decided; so it is necessary to be clear about what he did decide. The hearing officer heard evidence from a number of witnesses called on each side, each of whom was cross-examined.
13. The hearing officer’s key findings were these. At [49] he referred to the decision of Mr Geoffrey Hobbs QC (sitting as the Appointed Person) in *Williams v Canaries Seaschool SLU (Club Sail Trade Marks)* BL O-074-10, [2010] RPC 32. He applied Mr Hobbs’ decision that:

“... an earlier right to prevent the use of a trade mark by virtue of the law of passing off can be asserted under s.5(4)(a) of the 1994 Act by a person who is entitled, either alone or with others, to a proprietorial interest in the goodwill to which the earlier right relates”
14. I will return to that case.
15. The hearing officer decided at [50] that Ian was entitled to “a proprietorial interest in the goodwill generated by the sound”. At [51] he said that:

“... I proceed on the basis that it is not in dispute whether the sound generated goodwill during this time, but rather, the tension between the parties’ cases is that [Winston] believes he owns the goodwill and [Ian] believes the ownership is shared between the members of the sound (including himself and [Winston]).”
16. It was not, therefore, in issue that Winston had some interest in the goodwill.

17. The hearing officer went on to find at [57] that “as an unincorporated association and a partnership at will, the goodwill [in the name] resided with the changing members of the sound”. He referred to the decision of Laddie J in *Byford v Oliver*. The hearing officer quoted Laddie J’s observation at [33] to the effect that goodwill in the name in that case (also the name of a band which had been a partnership at will) was “owned by the partnership, not the individual members of it.”
18. He continued at [58] by saying that in consequence of his finding:

“... the members of the sound, including [Ian] himself, were the owners of the goodwill up until 2016 when the sound split. It is not necessary to consider what happened regarding the ownership of the goodwill at that point other than to satisfy myself that it was not transferred solely to [Winston]. ... Therefore, at the relevant date in these proceedings ... [Ian] together with the other members of the sound, had the requisite goodwill...”
19. The hearing officer went on to say at [60] that having established that Ian had the requisite goodwill, the use of Winston’s mark would amount to misrepresentation leading to damage. Thus, the opposition under section 5 (4) succeeded; and for the same reason the application to revoke the registration also succeeded. The hearing officer also decided that the mark had been registered in bad faith; and was revoked on that ground too. The opposition on that ground succeeded too. Winston did not appeal against the hearing officer’s decision.
20. An appeal against a decision of the hearing officer may be brought under section 76 of the Act. In civil proceedings, an appeal is an appeal against an order or decision; not against the reasons for the decision. The same is true as regards an appeal from the hearing officer. As Arnold J held in *Maslyukov v Diageo Distilling Ltd* [2010] EWHC 443 (Ch), [2010] RPC 21 at [53]:

“... the function of a hearing officer hearing opposition proceedings on behalf of the registrar is to decide whether to uphold or reject the opposition. (It is possible for an opposition to succeed only in part, in the sense that it may succeed in relation to some goods or services and not others, but that does not affect the analysis.) If the opposition is upheld, the application must be refused. If the opposition is rejected, the trade mark must be registered. If the opposition is upheld, it is immaterial whether it is upheld on one ground or on multiple grounds. It follows that the “decision” for the purposes of s.76(1) is the hearing officer's decision to uphold or reject the opposition, not his conclusion with regard to individual grounds of opposition.”
21. I agree with HHJ Clark at [28] that what the hearing officer decided was that:
 - i) The group was operated by its members before the split, including both Ian and Winston, as a partnership at will; and

- ii) That up to the split the goodwill in the name resided in the partnership.
22. I also agree with her that the hearing officer made no finding about ownership of the goodwill after the split (except for his finding that ownership did not belong to Winston alone). Mr Wood argued on Ian's behalf that what the hearing officer had decided was that "the sound" which owned the goodwill did not include Winston. I do not agree. The hearing officer was dealing with ownership of the goodwill up to the time of the split. Up to the time of the split "the sound" included Winston. The hearing officer was careful to say that he was not deciding what happened to the goodwill after the split (except that it had not passed to Winston alone).

The current action

23. Ian issued proceedings against Winston on 21 October 2019. He sued in his own name and not on behalf of the (dissolved) partnership. In paragraph 2 of the Particulars of Claim he pleaded that LOVE INJECTION operated "by way of an unincorporated association" and had done so since the establishment of the band in 1986. That is true, but it is not the whole truth, because it ignores the hearing officer's finding that the band was a partnership. Paragraph 5 asserts that Winston is passing himself off as the band LOVE INJECTION "of the Claimant." That plea appears to assert that Ian is the sole proprietor of the goodwill. The same paragraph goes on to say that it was "the continuation of a case already heard and resolved in the UKIPO in an invalidity action".
24. Paragraphs 6 to 9 recount the earlier proceedings; and paragraph 10 asserts that Winston cannot argue "that passing off would not occur due to cause of action estoppel and issue estoppel."
25. Paragraph 11 pleads that Ian is the co-owner of the goodwill in the name "alongside the other current members of the band". Paragraphs 17 to 20 describe Winston's alleged activities. The Particulars of Claim then give particulars of the allegation of passing off.
26. Paragraph 28 pleads a further trade mark registration by Winston of the mark "LUV INJECTION SOUND" and alleges that it is invalid for the same reasons as the earlier marks. Paragraph 29 asserts that the registration would constitute an instrument of fraud and "as such constitutes an actionable instance of passing-off."
27. The relief claimed included an injunction; cancellation of the third mark; an inquiry into damages, and exemplary damages.
28. Winston filed a Defence and Counterclaim on 4 December 2019. Paragraph 2 asserted that the name was a trading name of Winston, who was a sole trader. Paragraph 9 pleaded that Winston's primary case was that the goodwill belonged to him; that he was entitled to continue to use it; and that, on the contrary, it was Ian who was passing off.
29. Paragraph 15 pleaded an alternative case. That plea was:
- i) The hearing officer decided that the group was a partnership at will;
 - ii) As at the date of the split in 2016, the goodwill belonged to the partnership;
 - iii) Between the split and the issue of the claim form, Winston continued to trade under the name, and Ian did likewise;

- iv) As a result, by the date of the claim form the name had ceased to designate the partnership; but designated the separate businesses of both brothers.
30. Paragraph 16 pleaded a further alternative. That plea was based on the proposition that the name continued to designate the partnership. On that basis:
- i) If the partnership had not already been dissolved, it should be declared to be dissolved on the just and equitable ground;
 - ii) The goodwill was an asset of the partnership;
 - iii) The business and affairs of the partnership should be wound up and its assets disposed of. In particular the goodwill should be disposed of and the proceeds divided between the partners.
 - iv) In the absence of agreement, those shares should be determined by the court.
31. The Counterclaim repeated the allegations in the Defence.
32. Ian filed a Reply on 1 January 2020. The Reply did not accept that the hearing officer had found that the group was a partnership. It pleaded that it was unclear whether he found that it was a partnership or an unincorporated association, and asserted that it could not have been both. Paragraph 16 of the Reply pleaded that if the group was a partnership then the goodwill was a partnership asset. But it went on to say that there should be no further disposal of assets because when Winston left the group he took those assets in his possession and did not claim any share in the goodwill. Paragraph 24 pleaded that Winston had abandoned any claim to the goodwill when he left the group.

The application and the judge's judgment

33. On 28 February 2020 Ian applied to strike out Winston's Defence "on the basis of estoppel and abuse of process." The judge began by setting out what the hearing officer had decided. At [29] she said that the split would have caused a dissolution of the partnership at will. Her order recorded that neither Ian nor Winston was entitled to dispute that. There is no challenge to that conclusion.
34. The judge then considered the principles of *res judicata*. She referred to the decision of the Supreme Court in *Virgin Atlantic Airways v Zodiac Seats UK Ltd* [2013] UKSC 46, [2014] AC 160, and *Special Effects Ltd v L'Oréal SA* [2007] EWCA Civ 1, [2007] RPC 15. Based on those authorities, she held that there was no *res judicata* and no cause of action estoppel in the opposition proceedings. She accepted that the cause of action in the invalidity proceedings was not the same cause of action as that in the action; and hence that there was no cause of action estoppel.
35. Having reached those conclusions, she went on to consider issue estoppel. At [63] she held that both Ian and Winston were estopped from denying the findings of the hearing officer in the invalidity proceedings. At [64] she said that she was not satisfied that there were special circumstances which would disapply that estoppel. At [66] she said:
- "[Winston's] submission that the court should find that [Ian] is not entitled to bring passing off proceedings at all, because the

goodwill belonged to the partnership and he does not bring those proceedings on behalf of the partnership, ignores the pleaded case of [Ian] that when [Winston] left the Group he took with him certain assets in his possession (including equipment) (paragraph 16 of the Reply) and abandoned any claim to a share in the goodwill (paragraph 24 of the Reply). The ownership of the goodwill after the Split is a matter which I have found was not determined by the Hearing Officer and remains in issue. The burden of proving the claim remains on [Ian].”

36. In the result, she struck out Winston’s Defence, not merely that part of it that asserted that Winston was the sole owner of the goodwill; but also the alternative defences pleaded in paragraphs 15 and 16 of the Defence. On the other hand, the judge expressly stated in her order that Winston could “maintain a counterclaim on the same basis as [Ian] was found to be entitled [to] judgment against [Winston and his company] on the ground of passing off”.

The scope of issue estoppel

37. The most recent authoritative examination of issue estoppel is the decision of the Supreme Court in *Virgin Atlantic Airways Ltd v Zodiac Seats UK Ltd*. After considering previous authority (and in particular *Arnold v National Westminster Bank plc* [1991] 2 AC 93) Lord Sumption summarised the position at [22]:

“(1) Cause of action estoppel is absolute in relation to all points which had to be and were decided in order to establish the existence or non-existence of a cause of action. (2) Cause of action estoppel also bars the raising in subsequent proceedings of points essential to the existence or non-existence of a cause of action which were not decided because they were not raised in the earlier proceedings, if they could with reasonable diligence and should in all the circumstances have been raised. (3) Except in special circumstances where this would cause injustice, issue estoppel bars the raising in subsequent proceedings of points which (i) were not raised in the earlier proceedings or (ii) were raised but unsuccessfully. If the relevant point was not raised, the bar will usually be absolute if it could with reasonable diligence and should in all the circumstances have been raised.”

38. *Arnold* was a case which considered special circumstances. The case involved the rent review of the Rolls Building before its redevelopment as the Business and Property Courts. A question of construction of the rent review clause was raised in an arbitration. The arbitrator answered it in one sense, but Walton J answered in the opposite sense. He refused to certify a point of law of general importance under the Arbitration Act 1979, with the consequence that no appeal was possible: see *National Westminster Bank plc v Arthur Young McClelland Moores & Co* [1985] 1 EGLR 61. Subsequent decisions on similar clauses tended to show that his decision was wrong. The very same question of construction arose again on the next rent review; and the tenants wished to challenge Walton J’s construction of the clause. The House of Lords held that they were entitled to do so. Among the reasons which led the House to that conclusion were:

- i) The continuing impact of the decision on future rent reviews;
 - ii) The tenants' inability to appeal against Walton J's decision;
 - iii) The change in judicial approach to such clauses since Walton J's decision, which tended to show that Walton J was wrong.
39. In the present case, there is another factor to be considered. Ian succeeded before the hearing officer on two grounds: the objection under section 5 (4) (a) and the objection under section 3 (6). Whether Ian satisfied articles 2 and 5 of the 2007 Order was relevant only to the objection under section 5 (4) (a); and the application for declaration of invalidity on that ground. The objection under section 3 (6) may be made by "any person". It would therefore not have helped Winston to challenge the hearing officer's decision under section 5 (4) (a) because that would have left intact the successful objection under section 3 (6).
40. Mr Wood argued that that was wrong; and also argued that the hearing officer's finding that there was a partnership was not a necessary underpinning of his finding that the registration and application were made in bad faith. He referred us to the decision of Arnold J in *Hotel Cipriani*. He referred us in particular to Arnold J's observation at [186] that:
- "[bad faith] has no application to situations involving a bona fide conflict between the trade mark rights, or perceived rights, of different traders."
41. That is true, but it overlooks what Arnold J had said in the earlier part of the same paragraph:
- "Generally speaking, bad faith in such a case will involve some breach of a legal or moral obligation on part of the applicant towards the third party."
42. In the present case the hearing officer's finding that there was a partnership inevitably meant that each partner owed the other partner or partners a duty of good faith. That is a legal as well as a moral obligation. The obligation does not cease when a partnership is dissolved; but continues until such time as the affairs of the partnership are wound up: *Thompson's Trustee in Bankruptcy v Heaton* [1974] 1 WLR 605; *Don King Productions Inc v Warren* [2000] Ch 291. It would have been a breach of that duty for Winston to have registered for himself the exclusive right to use the name. Thus, whatever might have been the position as between unconnected rival traders, I consider that the position is different as between partners or former partners, where the goodwill was partnership property.
43. Two questions arise. First, where a decision is made on more than one ground, which (if either) creates an issue estoppel? Second, if no appeal is possible on one only of those grounds, does that bear on the question whether there are special circumstances which would permit a party to challenge what would otherwise amount to an estoppel?
44. In Spencer Bower and Handley on *Res Judicata* (5th ed) the editors state at paragraph 8.25:

“Another useful test is whether, given a right of appeal, the losing party could effectively appeal against the determination. If there can be no effective appeal against a determination this normally indicates that it was not fundamental. The test is not universally valid because decisions of a court of final appeal and decisions of lower courts from which there is no right of appeal create issue estoppels in the normal way. The ultimate test is whether the determination is such that without it the judgment cannot stand....

The same principle applies where the court finds alternative grounds in favour of the successful party. Those findings do not create issue estoppels because the losing party could not effectively appeal against any of them separately, and if one was upheld the appeal would fail. There may be a cause of action estoppel or merger but no issue estoppel because no single finding could be 'legally indispensable to the conclusion' or the 'essential foundation or groundwork of the judgment, decree, or order' as Dixon J said in *Blair v Curran*.”

45. Although Spencer Bower and Handley put the point very clearly, the case law in this jurisdiction has been more guarded. In *The Good Challenger* [2003] EWCA Civ 1668, [2004] 1 Lloyd's Rep 67 Clarke LJ discussed the question. The case was one in which the claimants sought to enforce an arbitration award; but the defendants said that the claim was time barred. Simply as a matter of English law, it was not time barred. But the matter was complicated by the fact that there had been previous proceedings in Romania, which the defendants said had created an issue estoppel. That required the court to consider what the Romanian court had decided. The Romanian proceedings were for the recognition of the award. Under Romanian law a foreign decision could be recognised if (a) it was “executory” according to the law of the foreign jurisdiction and (b) the right to request an “unwilling execution” was not prescribed according to Romanian law. The case was heard by three levels of the Romanian courts, including the Supreme Court. All three courts held that the claim was time barred under Romanian law. But the Supreme Court of Romania also held that because the claim was time barred under English law, it was no longer “executory.” The question was whether the latter finding created an issue estoppel.
46. Clarke LJ considered the position where a court decides a case on two grounds, each one of which forms the basis for the decision. Does that create an issue estoppel or not? Having set out the rival arguments, he said at [71]:

“... it is not necessary for us to determine the correct approach in a twin *ratio* case. In these circumstances I do not think that I should express a view on the point. There is a good deal to be said on both sides of the question and it seems to me to be preferable to do so only in a case where it arises for decision on the facts.”
47. He went on to say at [72]:

“As I see it, assuming that it is possible for each *ratio* in a two *ratio* case to give rise to an issue estoppel, the determination of the particular issue relied upon must have been treated by the first court as necessary for its decision in the sense that it was part of the decision which it in fact reached and not collateral to it or *obiter*.”

48. As to that, he said at [74]:

“In the *State of Norway* case this court, having considered the decision of the Privy Council in *Duedu v Yiboe* [1961] 1 WLR 1040, did not accept that an issue estoppel is impossible if the first decision cannot be appealed. However, it held that it is a good test. It seems to me that the correct approach to the question of appealability is to treat it as one factor in deciding whether the determination is necessary to the decision or only collateral to it.”

49. Clarke LJ then went on to consider whether the Romanian court’s decision on the English law point was collateral to its decision. Ultimately, he concluded that the decision was founded on Romanian law, and that the English law point was collateral. One of the points on which he founded his decision was that in order to succeed in having the Romanian judgment revised (under a procedure which existed in Romanian law) it would have been necessary to succeed on the Romanian law point, as well as the English law point. Clarke LJ regarded that as a relevant pointer towards the conclusion that no issue estoppel arose. Another factor that he took into account was that the Romanian court did not explain why it regarded the award as barred under English law. That, too, was a pointer to the conclusion that its decision on that point was collateral.
50. I should note, however, a further point about this part of Clarke LJ’s judgment. In quoting from the judgment below he quoted a passage from the then current edition of Spencer Bower in materially the same terms as paragraph 8.25 of the current edition. The judge at first instance had at least in part relied on that in support of his conclusion. Not only did Clarke LJ quote that passage without any disapproval, he said at [83] that his reasons for his conclusion were “essentially” the reasons given by the judge. That, to my mind, is at least some approval of the passage in Spencer Bower.
51. Applying Clarke LJ’s approach, the fact that Winston could not have appealed separately against the hearing officer’s decision on section 5 (4) is at least a pointer to the conclusion that no estoppel has been created. Thus it seems to me that even if a “twin *ratio*” decision can create an estoppel in relation to both *rationes*, an inability to appeal may be one of the special factors which persuade a court to permit a challenge to at least one of the *rationes*.
52. There is also the question whether the hearing officer was correct in the view that he took of the law. As I have said, the hearing officer found that at the date of the split the goodwill belonged to the members of the sound (including both Ian and Winston). But he does not seem to have appreciated the difference between an unincorporated association which is not a partnership and one which is. Although he referred to *Byford*, he did not apply the logic of that decision. Nor did he address, at least in terms, whether

Ian alone would have been entitled to bring proceedings in passing off. That part of Mr Hobbs' decision on which he relied was concerned only with standing to object under section 5 (4) (a). Neither Laddie J nor Mr Hobbs considered the ambit of articles 2 and 5 of the 2007 Order.

53. Mr Wood, however, argued that only "the proprietor" of a prior right may bring an invalidity action on relative grounds. That, in accordance with the 2007 Order, is restricted to a person who can bring an action for passing off. Although the hearing officer did not say so expressly, it was necessarily implicit in his decision that that was his finding. If Ian had not been entitled to bring proceedings in passing off, he would not have been entitled to oppose registration or to contend that the registered mark was invalid. Accordingly, he submitted that Winston was bound by that implicit finding. It followed that for the purpose of the present action Ian had title to bring these proceedings.
54. Neither the hearing officer nor the judge dealt with this point in terms. That may be because it seemed obvious to an intellectual property specialist.
55. Mr Wood rightly submitted that an estoppel may arise on a question of law decided by a competent tribunal even if the tribunal's decision is wrong. He cited the observation of Lord Hoffmann in *Watt v Ahsan* [2008] 1 AC 696 at [33]:
- "The whole point of an issue estoppel on a question of law is that the parties remain bound by an erroneous decision."
56. But as Lord Hoffmann went on to explain in the next paragraph of his speech:
- "... the severity of this rule is tempered by a discretion to allow the issue to be reopened in subsequent proceedings when there are special circumstances in which it would cause injustice not to do so."
57. As I have said, the likelihood that Walton J's decision on the question of construction in *Arnold* was wrong was one of the factors that the House of Lords took into account in deciding that special circumstances existed.
58. It is, in my judgment, of considerable importance to appreciate that in this case the goodwill in the name was partnership property. The nature of a partner's interest in partnership property was explained by Hoffmann LJ in *Inland Revenue Commissioners v Gray* [1994] STC 360, 377:

"As between themselves, partners are not entitled individually to exercise proprietary rights over any of the partnership assets. This is because they have subjected their proprietary interests to the terms of the partnership deed which provides that the assets shall be employed in the partnership business, and on dissolution realised for the purposes of paying debts and distributing any surplus. As regards the outside world, however, the partnership deed is irrelevant. The partners are collectively entitled to each and every asset of the partnership, in which each of them therefore has an undivided share." (Emphasis added)

59. In the case of a dissolved partnership, the application of partnership assets is dealt with by the Partnership Act 1890. Section 39 of that Act provides:

“On the dissolution of a partnership every partner is entitled, as against the other partners in the firm, and all persons claiming through them in respect of their interests as partners, to have the property of the partnership applied in payment of the debts and liabilities of the firm, and to have the surplus assets after such payment applied in payment of what may be due to the partners respectively after deducting what may be due from them as partners to the firm; and for that purpose any partner or his representatives may on the termination of the partnership apply to the Court to wind up the business and affairs of the firm.”

60. Both sides accepted that Laddie J correctly stated the law in *Byford v Oliver*. At [19] Laddie J said this:

“There is no dispute that the group was a partnership at will in the 1980s. The name and goodwill were assets of the partnership. All the partners have or had an interest in those and all other assets of the partnership, but that does not mean that they owned the assets themselves. Absent a special provision in the partnership agreement, the partners had an interest in the realised value of the partnership assets. On dissolution of the original partnership, which is what happened when Mr Dawson departed in 1985, *he and all the other partners were entitled to ask for the partnership assets to be realised and divided between them in accordance with their respective partnership shares. But none of them “owned” the partnership assets. In particular, none of them owned the name SAXON or the goodwill built up under it.* The position would be very different if all the members of the original group had been performing together, not as partners, but as independent traders. In such a case, each may well have acquired a discrete interest in the name and reputation which he could use against third parties but *not against the other owners.*” (Emphasis added)

61. At [25] he considered the position as between two successive bands. He said:

“If the first band is a partnership, the goodwill and rights in the name are owned by the partnership, not the individual members, and if the second band were to be sued, *such proceedings would have to be brought by or on behalf of the partnership.*” (Emphasis added)

62. At [26] he added:

“The position is no different if the two bands contain common members. If, as here, they are partnerships at will which are dissolved when one or more partners leave, they are two separate legal entities. This is not affected by the fact that some, even a

majority, of the partners in the first band become members of the second.”

63. On the basis of the hearing officer’s findings of fact the partners at the date of dissolution (here, relevantly, both Ian and Winston) were entitled to ask for the partnership assets to be realised and divided between them. Neither was solely entitled to the goodwill. Winston did not own the goodwill in the name; and for that reason he could have been prevented under a rule of law (i.e. the law of passing off) from using the mark.
64. As the judge correctly held, the only finding that the hearing officer expressly made about the ownership of the goodwill following the split was that it did not belong to Winston alone. It follows that there were at least three other possibilities that the hearing officer left open: first, that the goodwill belonged to Ian alone; second that it remained a partnership asset which needed to be realised in the course of winding up the partnership; and third, that events after the split had resulted in a severance of the goodwill giving each of the brothers an interest in the goodwill which could be deployed against third parties but not against each other (as in *Dent v Turpin* (1861) 2 J&H 139). As Arnold J put it in *Hotel Cipriani* at [192]:

“It is a well-established principle of the law of passing off that owners of a shared or concurrent goodwill can sue third parties even if they cannot sue each other:”

65. If the first were correct, then Ian alone would be entitled to maintain the action against Winston for passing off. If the second or third were correct, then Ian alone would not have title to the goodwill and would not be able to pursue his claim against Winston because, as Laddie J explained any action would have to be brought by or on behalf of the partnership. As the judge said at [66], that remained in issue.
66. Mr Wood argued that Ian (alone) would have been entitled to bring proceedings in passing off against Winston. The hearing officer based his decision on *Williams*. That case concerned an application to register the mark CLUB SAIL SEA SCHOOL. The application was opposed under both section 3 (6) and 5 (4) (a). Goodwill in the trading name “Club Sail Sea School” had been built up over a number of years through businesses (for the most part limited companies) run by Mr and Mrs Williams. The applicant for registration was a company run by their son Andrew. Neither side, however, claimed co-ownership of the goodwill. Mr Hobbs pointed out that goodwill can be and frequently is built up and acquired by means of economic activities carried out collectively. By using the word ‘collectively’ he intended to refer to all of the various ways in which “alliances” might be formed between and among individuals or corporate bodies in pursuit of shared interests and objectives. His starting point was that the goodwill accrued and accruing to the members of an alliance is collectively owned by the members for the time being, subject to the terms of any contractual arrangements between them. He then said at [27]:

“When members cease to be members of an ongoing alliance they cease to have any interest in the collectively owned goodwill, again subject to the terms of any contractual arrangements between them; see, for example, *Byford v Oliver*

(SAXON Trade Mark) [2003] EWHC 295 (Ch); [2003] F.S.R. 39 (Laddie J.)...”

67. After further citation of authority, Mr Hobbs held at [29] that:

“It appears to be open to any of the existing members of an alliance to bring proceedings in passing off against a third party for the protection of their proprietorial interest in the collectively owned goodwill.... an earlier right to prevent the use of a trade mark by virtue of the law of passing off can be asserted under s.5(4)(a) of the 1994 Act by a person who is entitled, either alone or with others, to a proprietorial interest in the goodwill to which the earlier right relates.”

68. At [30] Mr Hobbs held:

“The rights of a former member should therefore be distinguished from the rights of the existing members of an ongoing alliance with regard to proprietorship of the collectively owned goodwill. That was the approach adopted by the Court of Appeal in *Dawnay Day & Co. Ltd v Cantor Fitzgerald International* (above) at pp.703, 704. Former members may nonetheless have continuing rights in relation to the use of a trade mark based on apportionment or consent, within the ambit of what is achievable without practising a deception on the public...”

69. Mr Hobbs then turned to consider the facts. He summarised his findings at [43]:

“The goodwill accrued and accruing to the operators of the CLUB SAIL SEA SCHOOL business appears to me to have been a collective goodwill, in the sense I have referred to above, from about 1988 onwards. Of the participants I have mentioned, the opponents appear to have been the only continuing members of the alliance at the date of the opposed application for registration (27 June 2007). By that time David Williams was no longer involved in the business. Andrew Williams had by then independently embarked on the competitive activities which led to the rift with the opponents. He, not the opponents, left the alliance he had previously joined. He was not thereafter entitled to claim rights of proprietorship in relation to the collectively owned goodwill of the CLUB SAIL SEA SCHOOL. And he could not validly authorise the applicant to claim rights of proprietorship in relation to that goodwill.”

70. Having made those findings, Mr Hobbs concluded that the opponents had a proprietorial interest in the goodwill appertaining to the verbal and non-verbal elements of the signs in issue, which they were entitled to protect in proceedings for passing off and therefore in Registry proceedings under section 5(4)(a) of the 1994 Act.

71. There are five points which, at this stage, I should make about Mr Hobbs' decision. First, he was dealing with an ongoing alliance, not one which had come to an end. Second, all the continuing members of the ongoing alliance had opposed the registration. Third, he was not dealing with a partnership. He was, in my judgment, undoubtedly correct to say that in the case of an unincorporated association (not being a partnership) the ownership of property is collectively owned by its members, subject to any contractual restrictions in the rules (if any) of the association. As I have said, the application of partnership assets on a dissolution is governed by the Partnership Act 1890. Fourth, Mr Hobbs cited *Byford* in support of his conclusion, which makes it highly improbable that he disagreed with Laddie J's analysis of the position once a partnership has been dissolved. Fifth, Mr Hobbs did not in terms refer to the 2007 Order. That was because the application for registration in that case was before the 2007 Order came into force. The 2007 Order does not in terms address the question whether one of plural co-owners may oppose registration. But in other contexts the courts have held that where property is co-owned, the benefit of the legislation may be claimed by one only of the co-owners. Much will depend on the policy underlying the legislation in question. In a case like this, where one co-owner seeks to register a sign as a trade mark which will effectively prevent his co-owner from continuing to use the sign, there is much to be said for the ultimate effect of Mr Hobbs' decision as regards the ability to object under section 5 (4) (a).
72. *Dawnay Day & Co. Ltd v Cantor Fitzgerald International* [1999] EWCA Civ 1667; [2000] RPC 699 (to which both Mr Hobbs and Mr Wood referred) was a case in which a company in the Dawnay Day group had entered into a joint venture agreement with another company. The terms of the agreement permitted that other company to use the name "Dawnay Day" while it remained a member of the group. The company went into administration; and the administrator sold its assets (including goodwill). The issue was whether the buyer was entitled to trade under the name "Dawnay Day". This court held that it was not. The action had been brought by the parent company in the Dawnay Day group which sued on behalf of itself and all other companies within the same group. Scott V-C identified two "crucial questions" on which the appeal depended. The first need not concern us. The second was whether the "Dawnay Day companies" could prevent the use of the "Dawnay Day" name by the buyer of the business. As to that, Scott V-C held that the misrepresentation grounding the action in passing off was the representation that the buyer of the business was a member of the "Dawnay Day" group, when it was not. He continued at 705:

"It is not, in my judgment, necessary to analyse the ownership of the "Dawnay Day" name for the purpose of deciding whether the goodwill in the name belongs to the holding company, or is shared by all the members of the group or whether the goodwill is jointly or severally owned by the group members. Each of the group members that trades under a style which includes the name "Dawnay Day", has, in my judgment, a legitimate interest, for passing-off purposes, in complaining of a deceptive use of the Dawnay Day style by CFI. The deceptive use by CFI of the "Dawnay Day Securities" trading style represents in respect of each Dawnay Day group member that the proprietor of Dawnay Day Securities is an associate with that member in the Dawnay Day group. Each is, in my judgment, entitled to complain of that

misrepresentation. In my judgment, DDCL [the subsidiary] and DDI [the parent] are entitled to sue CFI for passing-off and DDI is entitled to sue also on behalf of all other group members who trade under a style that includes “Dawnay Day”.”

73. Once again this case was dealing with (to use Mr Hobbs’ phrase) an ongoing alliance, rather than a dissolved partnership. It was an action against a third party, rather than one between the members of the alliance. In addition, Scott V-C held in terms that the parent was entitled to sue on behalf of all the members of the group. That is analogous to one partner suing on behalf of the partnership.

Special circumstances?

74. All that the hearing officer actually decided about the ownership of the goodwill after the split was that Winston was not the sole owner of it. Anything else that he decided seems to me to have been collateral to that fundamental finding.
75. As I have said, it is at least doubtful whether the hearing officer’s decision did create an issue estoppel, for the reasons given by Spencer Bower and Handley. But if it did create an issue estoppel, despite being based on two separate grounds, I would hold that there are special circumstances which would entitle Winston to challenge Ian’s standing to bring proceedings in passing off otherwise than for the benefit of the partnership. They are:
- i) The lack of any opportunity for Winston to mount an effective appeal against the objection based on section 5 (4) (a);
 - ii) The hearing officer’s failure to appreciate that the partnership had been dissolved;
 - iii) The hearing officer’s failure to consider how partnerships (as opposed to other unincorporated associations) are regulated on their dissolution;
 - iv) The continuing impact on Winston’s future ability to trade under the name.

Result

76. In short, I consider that Winston ought to be permitted to advance the defences in paragraphs 15 and 16 of the Defence. To that extent, I would allow the appeal.

Postscript

77. In paragraph 21 of his witness statement before the hearing officer Ian said that at a meeting with Winston in May 2017:

“... we eventually found a way of trying to solve the issue, which was that we would allow Winston to promote the sound without us and we would promote events where we were playing, and both of us would contribute to the upkeep of the equipment and music.”

78. I would urge the parties, in the light of that evidence, to attempt a mediated solution to the dispute without further costly legal proceedings.

Lord Justice Newey:

79. I agree.

Lord Justice Lewis:

80. I also agree.