

COMPANIES ACT 2006

In the matter of application No 404 by C G Fixings Limited for a change to the company name of Power Tool World Limited, registered in England and Wales under No. 7116078

Background, Claims and Defences

1. Power Tool World Limited (“the respondent”) was incorporated under that name on 5 January 2010.

2. On 29 December 2011 C G Fixings Limited (“the applicant”) applied for an Order under section 69 of the Companies Act 2006 for the company name of Power Tool World Limited to be changed. The grounds for the application are that:

- i) The applicant has operated a business importing, distributing and supplying tools since 14 February 2003.
- ii) Since at least April 2004, the respondent has used a website www.powertoolworld.co.uk to promote its business. The website is registered in the name of the respondent company.
- iii) The applicant company applied on 29 April 2010 to register **POWERTOOLWORLD** as a Community trade mark for, inter alia, power tools and retailing of power tools, and that mark was registered on 19 October 2010.
- iv) As a result of the success of the applicant’s business it has established a national reputation as a supplier of tools under **POWERTOOLWORLD**.
- v) So far as the applicant is aware, the respondent trades under **BLUE POWER TOOLS**.
- vi) There is essentially no difference between **POWERTOOLWORLD** and Power Tool World Limited. The use of the latter is liable to cause confusion with the former.
- vii) The name of the respondent company is therefore the same as the name in which the applicant has goodwill or, alternatively, it is sufficiently similar to mislead the public by suggesting a connection between the respondent company and the applicant.

3. The respondent filed a notice of defence on 24 February 2012. The respondent:

- concedes that the applicant applied to register POWERTOOLWORLD as a trade mark in April 2010, but denies that this is relevant because the respondent started operating under the company name from February 2010;
- puts the applicant to proof of the claimed goodwill under POWERTOOLWORLD;
- claims that the name Power Tool World Limited was adopted in good faith and reflects the nature of the applicant's business as a specialist supplier of power tools;
- asserts that prior to adopting the name, searches for company names and trade marks were carried out, but no other business with a fundamentally similar name/trade mark was revealed;
- states that the respondent company trades primarily through an internet site www.bluepowertools.co.uk which focuses on the supply of Bosch branded power tools;
- claims that the interests of the applicant are not adversely affected to any significant extent because the websites used by the parties are clearly distinguishable and the logo and website design are in no way similar to one another.

4. Both sides seek an award of costs.

The evidence

5. The applicant's evidence consists of a witness statement by Christopher Martin Guy, who is a Director of the applicant company. Mr Guy states that the applicant was incorporated in 2003. The applicant trades out of an industrial park in Darlington and via the web. The name POWERTOOLWORLD has been used mainly in relation to the internet based component of the applicant's business.

6. Since 2003, the applicant has maintained a website at www.powertoolworld.co.uk. Since at least 2004 the applicant has used the website to provide information about its products to the public. Exhibit CG07 to Mr Guy's statement consists of an historical extract from the applicant's website at 18 February 2004, which was obtained from Wayback Machine. The extract shows power tools for sale under the name POWER TOOL WORLD.

7. Exhibit CG08 consists of the hits page from an internet search conducted on 8 May 2012 against the words 'power tool world'. The applicant's website appears as the first natural (i.e. non-advertisement) hit. The website of the respondent company appears as the second natural hit. This appears to be because the search engine has picked up words from the respondent's published terms and conditions which state that BLUE POWER TOOLS means Power Tool World Limited.

8. Exhibit CG02 consists of 26 invoices dated between 2005 and 2011 addressed to businesses throughout the UK. The invoices are for power tools and parts and fittings for such goods. The invoices typically cover between £200 and £1000 worth of goods, although some are for more and a few are for less. The words Powertool World.co.uk appear prominently as a trading name of C G Fixings Limited.

9. According to Mr Guy, the applicant received around 2500 orders for goods marketed under the Powertoolworld name in 2009. The corresponding figures for 2010 and 2011 are around 7500 and 9900, respectively. Mr Guy states that the sales figures increased markedly in 2009. Separate sales figures for the internet side of the applicant's business are not available prior to 2009. Mr Guy says that they were "steady". I infer from this that they were significantly lower than the 2009 figures.

10. Mr Guy complains that the respondent company uses the name POWER TOOL WORLD LIMITED prominently in the marketing of its goods and services. He says that after the respondent started to use the name in January 2010, the applicant started to receive misdirected enquiries from confused customers. The nature of the confusion has varied. Mr Guy says that the applicant is sometimes asked about products it does not stock, but the respondent does, and sometimes about the respondent's return policy and warranties. Mr Guy says these misdirected enquires vary from several per month to almost daily.

11. Mr Guy has not identified any particular customers who have been confused. Nor are there any records of specific conversations with customers in evidence, or anything in writing from confused customers.

12. The respondent's evidence consists of a witness statement by Christopher John Staves, who is a Director of the respondent company. Mr Staves and his brothers ran a family firm retailing tools and related products from trade counters and showrooms. The recession of 2008/9 caused the family to look for new business opportunities and in December 2009 they took professional advice about starting a new company for internet trading.

13. In the same month the firm's advisors were instructed to set up a new company. The company was formed on 5 January 2010. The name Power Tool World Ltd was chosen because it represented a business that traded in power tools. Mr Staves

says that they first checked that no similar name was registered at Companies House. He does not say that they checked the registers of trade marks, but he points out that the applicant's Community trade mark postdates the incorporation of the respondent company.

14. The initial trading was to take place via a new website focussing on the sale of Bosch power tools. The respondent company started trading in such goods in February 2010 from the website bluepowertools.co.uk. Initially, the trade was conducted under the name Bosch Power Tools Direct, but this was soon changed to Blue Power Tools.

15. Further websites were obtained, www.yellowpowertools.co.uk, www.redpowertools.co.uk and www.greenpowertools.co.uk with the intention of later expanding the business to cover other brands of power tools.

16. Exhibit PTW07 includes 5 invoices dated between 24 February 2010 and 10 January 2012 addressed to UK customers for power tools. The first invoice bears the trading name Bosch Power Tools Direct. The rest carry the trading name Blue Power Tools. The four invoices dated between February 2010 and June 2011 also bear the company name Power Tools World Limited. It is used in a slightly smaller typeface than the typeface used for the trading name, but it is nevertheless still quite prominent. The invoice dated 10 January 2012 (the first dated after these proceedings started) no longer bears the company name.

17. Mr Staves provides copies of pages from his company's website and that of the applicant company¹, which he says have a very different look, feel and branding. He says that customers will not be confused.

18. We observe the web pages do have a different look, although both use the colour blue as a colour for the banners on the web pages. The company name does not appear on the respondent's home page, but it does appear on the linked page headed "about us" and (in small print) in the respondent's published terms and conditions.

Decision

19. Section 69 of the Act states:

"(1) A person ("the applicant") may object to a company's registered name on the ground—

(a) that it is the same as a name associated with the applicant in which he has goodwill, or

¹ As exhibit PTW11

(b) that it is sufficiently similar to such a name that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant.

(2) The objection must be made by application to a company names adjudicator (see section 70).

(3) The company concerned shall be the primary respondent to the application.

Any of its members or directors may be joined as respondents.

(4) If the ground specified in subsection (1)(a) or (b) is established, it is for the respondents to show—

(a) that the name was registered before the commencement of the activities on which the applicant relies to show goodwill; or

(b) that the company—

(i) is operating under the name, or

(ii) is proposing to do so and has incurred substantial start-up costs in preparation, or

(iii) was formerly operating under the name and is now dormant; or

(c) that the name was registered in the ordinary course of a company formation business and the company is available for sale to the applicant on the standard terms of that business; or

(d) that the name was adopted in good faith; or

(e) that the interests of the applicant are not adversely affected to any significant extent.

If none of those is shown, the objection shall be upheld.

(5) If the facts mentioned in subsection (4)(a), (b) or (c) are established, the objection shall nevertheless be upheld if the applicant shows that the main purpose of the respondents (or any of them) in registering the name was to obtain money (or other consideration) from the applicant or prevent him from registering the name.

(6) If the objection is not upheld under subsection (4) or (5), it shall be dismissed.

(7) In this section “goodwill” includes reputation of any description.”

20. The applicant must first establish that it has goodwill in relation to a name that is the same, or sufficiently similar, to that of the respondent company and use of that name in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant. If this burden is fulfilled it is necessary to consider whether the respondent can rely on any of the defences under section 69(4) of the Act.

21. The name in question is POWERTOOLWORLD. The applicant must show that it had goodwill under that name at the date of the applications before us, namely 29 December 2011: see *MB Inspection Ltd v Hi-Rope Ltd*² at paragraph 43.

22. The applicant's evidence establishes that it has been trading under the names Power Tool World and POWERTOOLWORLD.CO.UK since 2004. It took 2500 orders for power tools under that name in 2009, the year prior to the incorporation of the Power Tool World Limited. The applicant took further such orders in 2010 and 2011 for around 7500 and 9900 products, respectively. These orders typically covered several hundred pounds (or more) worth of power tools.

23. The law of passing off protects those with only a modest goodwill in a business. Wadlow's Law of Passing-Off: Unfair Competition by Misrepresentation, 4th Edition states at paragraph 8-009:

"A mark can only become distinctive by user, but there is no rule of law as to what kind or amount of user is necessary or sufficient to found the action. What is in issue is whether there has been a material misrepresentation, which in turn depends on whether the mark has become distinctive to a sufficient proportion of the public. In general, the claimant's case will be strengthened by user which has lasted a long time and been on a large scale, but neither is essential. Cases in which the claimant has failed solely because of an inadequate user have been rare in modern times. What is rather more common is that relatively small differences in the defendant's own mark, or field of business, will be held to afford a defence when the claimant's user has been slight. Occasionally, older decisions have referred to periods of several months, or even years, as being inadequate to appropriate marks of very low inherent capacity to distinguish. Although inherently distinctive marks will be protected after a shorter period than ones which are descriptive or otherwise non-distinctive, it may be doubted if the supposed marks in question would have been protected whatever the length of use."

24. For the purposes of passing-off law, the line to be drawn is between those businesses with a small goodwill and those with only a trivial goodwill.³ Given that s.69 defines "goodwill" as including "reputation of any description", it is unlikely that

² BL O/106/10, [2010] RPC 18

³ See *Hart v Relentless Records Ltd* [2002] EWHC1984 and *Jian Tools For Sales Inc. v Roedrick Manhattan Group Limited* [2005] FSR 924 Ch. D

the goodwill required under s.69 is greater than the goodwill protected under the law of passing-off.

25. Whilst the words 'Power tool' are plainly just a description of the products, the words POWER TOOL WORLD are, in our view, capable of identifying an undertaking which trades in such goods. Although the scale of the applicant's business was relatively modest as at 29 December 2011, it was not a trivial business. We are satisfied that the nature of the use of POWERTOOLWORLD and the scale of the applicant's business was sufficient to justify the applicant's claim to have established goodwill under that name by the date of the application. Indeed, although the applicant's business was more modest at the date of incorporation of the company at issue, we consider that the applicant's business had, even at that date, sufficient goodwill to make an application under s.69.

26. The addition of the word 'Limited' in the company name Power Tool World Limited does not prevent that name being considered the same as the applicant's name for the purposes of s.69(1)(a): see *MB Inspection Ltd v Hi-Rope Ltd* at paragraph 48.

27. However, the applicant bases its claim on owning goodwill in the term POWERTOOLWORLD. This is presumably because most of its business is conducted via its website, which has the address 'powertoolworld.co.uk'. The conjoining of the words POWERTOOLWORLD in the applicant's pleaded trading name means that the name is not the same as a name associated with the applicant. The test is whether the difference (other than the word 'Limited') would go unnoticed by an average member of the public: see *Zurich Investments Limited v Zurich Insurance Company* at paragraphs 38 and 39.⁴ We do not think that such a person would fail to notice the difference between POWERTOOLWORLD and Power Tool World Limited. We do not therefore accept that the application meets the requirements of s.69(1)(a).

28. However, we accept that there is a very high degree of similarity between the applicant's trading name and the company name. The similarity is plainly sufficient that use of the latter in the United Kingdom would be likely to mislead by suggesting a connection between the respondent company and the applicant. The public will clearly see that POWERTOOLWORLD is made up of POWER TOOL and WORLD (there is, in fact, evidence that the applicant sometimes uses the name with POWER, TOOL and WORLD separated) and the addition of the internet address feature '.co.uk' will obviously do nothing to prevent confusion. We therefore accept that the application meets the requirements of s.69(1)(b).

29. We next turn to the defences under s.69(4). The burden is on the respondent to

⁴ BL O-197-10

persuade us that it is entitled to one or more of the statutory defences.

30. The respondent contends that the applicant's interests are not adversely affected to any significant extent. This would give the respondent a defence under s.69(4)(e). We reject this argument for two reasons. Firstly, the company name is so similar to the applicant's trading name, and especially as they are operate in the same field of commerce, there is an inherently high risk that the public will be misled. Indeed, although the applicant's evidence does not prove it, we are not surprised that the applicant says that there has already been confusion. Secondly, the respondent relies on a) that it currently trades "primarily" under BLUE POWER TOOLS, and b) the different look and feel of its website (compared to the applicant's website) as factors which will help to prevent confusion.

31. However, these are transient factors. The respondent could decide to change the look and feel of its website. Further, if the respondent pursues its plans to operate additional websites selling power tools from other manufacturers using colour coded names, such as RED POWER TOOLS, to denote the goods of each particular manufacturer, this will place more weight on the company name as the sign which identifies the retail business. The respondent could even dispense with such trading names altogether in future and trade solely under the company name. We will therefore consider the other defences advanced by the respondent.

32. The respondent says that it trades "primarily" under BLUE POWER TOOLS, but that it has operated under the company name since February 2010. Although the applicant claims that the respondent trades under BLUE TOWER TOOLS, it does not appear to dispute that the respondent also operates under the company name. Indeed it complains about use of the company name causing confusion with its trading name.

33. These positions appear to us to be consistent with the evidence before us. The invoices issued by the respondent company prior to the commencement of these proceedings show that it operated under the company name, meaning that there was public facing use of the company name. In those circumstances, the use of a trading name does not mean that the company wasn't operating under the company name. The evidence indicates that the respondent continues to operate under the company name, albeit that the company name has been used in less prominent ways since these proceedings began. We therefore find that the respondent was operating under the company name prior to the date of the application before us.⁵

34. This means that the respondent has a prima facie defence to this application under s.69(4)(b).

⁵ The position would have been different if the company name had not been used in public facing communications.

35. According to s.69(5), if the facts mentioned in s.69(4)(b) are established, the objection shall nevertheless be upheld if the applicant shows that the main purpose of the respondents (or any of them) in registering the name was to obtain money (or other consideration) from the applicant or prevent him from registering the name.

36. There is no evidence of such an intention. The application therefore fails because the respondent can rely on the defence provided by s.69(4)(b).

37. It might seem odd that activities which might constitute passing-off provide the respondent with a defence to an application under s.69 of the Act. However, this is because s.69 was intended to provide redress against opportunistic company name registrations, or in simpler language, company name squatting, i.e. holding a company name, without using it, in order to extract consideration from a party with a trading interest in that name. It was not intended to replace, or provide an alternative to, passing-off or trade mark infringement proceedings.

38. The respondent also relies on s.69(4)(d) – that the company name was adopted in good faith. However, as we have found that the respondent has a defence under s.69(4)(b) there is no need to examine whether this provides a further defence.

Costs

39. The respondent has been successful and is entitled to a contribution to its costs, according to the scale in the published Practice Direction. The respondent has not been professionally represented in the proceedings so has not had the costs of legal representation. Consequently, save for the official fees incurred, the award will be half of the amount which would have been appropriate had a separate legal representative been engaged. The breakdown of the award is as follows:

Preparing a statement and considering the
other side's statement £125

Preparing evidence and considering and
commenting on the other side's evidence £300

Fee for notice of defence: £150

Fee for filing evidence: £150

Total £725

40. C G Fixings Limited is ordered to pay Power Tool World Limited the sum of £725. This sum is to be paid within seven days of the expiry of the appeal period or

within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

41. Any notice of appeal must be given within one month of the date of this decision. Appeal is to the High Court in England Wales and Northern Ireland and to the Court of Session in Scotland. The tribunal must be advised if an appeal is lodged.

Dated this 27th day of January 2014

Allan James

Judi Pike

Beverley Hedley

Company Names Adjudicators