Companies Act 2006 In the matter of application No 472 By Babcock International Group Plc

For a change of the company name of registration No 07522310

Background, Claims and Defences

1. The company was incorporated on 9 February 2011 under the name BABCOCK PROJECT SERVICES LTD. Following an undefended action before this tribunal the company name was changed to the company number, 07522310, on 14 March 2012. The company name BABCOCKS PROJECT SERVICES LTD (hereafter 'the respondent') has been registered to company number 07522310 since 24 July 2012.

2. By an application filed on 3 August 2012, Babcock International Group Plc (hereafter 'the applicant') applied for a change of name of the company registration under the provisions of section 69(1) of the Companies Act 2006 ('the Act'), which 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

(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 these 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."

3. The applicant claims that it is listed on the London Stock Exchange and is the UK's leading engineering support services company. It claims that the name associated with it which has caused it to make the application is Babcock. The applicant claims that for over 100 years it has been using the "Babcock" name to provide a wide range of engineering, infrastructure, major project and related goods and services. It has 103 subsidiaries which use 'Babcock' in their name, of which 8 companies use Babcock in their name in conjunction with the word 'services'.

4. The applicant seeks a change to the respondent's name to result in a name which does not include 'Babcock' within it. The applicant did not contact the respondent prior to making the application to the Company Names Tribunal. The applicant's reason for this is that there has been a previous action between these parties in respect of this company number, which resulted in the Company Names Tribunal changing the respondent's company name, which was BABCOCK PROJECT SERVICES LTD, to 07522310 Limited on 14 March 2012. The applicant states:

"The company re-registered as Babcocks Project Services Ltd which we don't believe sufficiently differentiates from Babcock. Babcock International has not licenced [sic] or otherwise consented to the Company using the Babcock name. As far as we are aware the Company has no link or other right to use the Babcock name. Babcock International can see no good reason why the Company is using the Babcock name other than to trade off the goodwill of Babcock International." 5. The respondent filed a notice of defence to the present proceedings, which was written by David Norris, in the first person singular. He states:

"The name of the Company was taken in good faith from the accounting firm JSA Services Ltd, when I was made redundant. The name was taken from my late uncles and mothers [sic] family name, John Babcock, and as a one man band I set up all the branding to do project services in waste & recycling. I had a challenge on the first name, but could not afford the £150 to challenge the name issue, feeling they were after my good name for their own use.

I was forced to get the first job which was a Agency [sic] Job, so was prepared to re name to fit my cards and compliment slips and uncles [sic] memory. So replaced the Name to Babcock<u>s</u> Project Services Ltd."

The applicant's evidence of reputation and goodwill

6. Chris Barton is the applicant's Deputy Group Company Secretary. He describes in a witness statement the applicant's business in the following terms:

"2. For over 100 years the Claimant has been using the 'Babcock' name to provide a wide range of engineering, infrastructure, major project and related goods and services.

The Claimant owns 6 trade mark registrations in the UK in respect of the trade mark BABCOCK, No. 1283519 of which includes 'management consultancy' in the services specified and has 103 UK registered subsidiary companies which use 'Babcock' in their name...including Babcock Project Services Limited and Babcock Project Investment Limited, as well as 8 companies in the UK with 'Babcock' in their name in conjunction with the word 'Services'.

The Claimant offers engineering, management consultancy and project services to a wide range of industries and markets, principally defence, nuclear, energy, communications, rail, training, education, emergency and logistical services – mainly in the UK but also in a number of other countries. A key component of the services that the Claimant offers is the provision of project management services."

7. Exhibit 1 is a list of the 103 subsidiary companies referred to by Mr Barton.

8. Information regarding the nature and extent of the applicant's company was provided in the form of its Annual Report and Accounts for 2012, which was attached to its application¹. Operating profit after tax for a five year period is provided under

¹ Rule 9(1) CNA Rules 2008 provides that evidence can be given as a witness statement, affidavit, statutory declaration, "or in any other form which would be admissible as evidence in proceedings before the court", which includes attachments to statements of case verified by a statement of truth.

the heading 'Five-year financial record' on the last page of its annual report, as follows:

Year	Operating profit after tax (£)
2008	110.2 million
2009	133.1 million
2010	148.1 million
2011	153.2 million
2012	202.0 million

9. The report lists the company's key achievements for 2012 as follows:

- A five year contract to support the entire Anzac frigate fleet.
- A new 10 year contract to co-ordinate 180,335 hours of transmissions to 166 million people worldwide as a trusted partner to the BBC World Service (a position the company has held for 15 years).
- Continued support for 14,000 MoD vehicles when the new Phoenix contract comes into place.
- New £1.6 billion contract to manage the final demolition, decommissioning and clean-up of a nuclear power station.
- Contract to deliver training to the London Fire Brigade for the next 25 years.
- Seven year contract with Devon County Council to deliver education support and improvement services.

10. Under the key headings in its Annual Report the applicant states the following:

<u>Marine and Technology</u> – In the UK our strategy is to retain and develop our position as the leading support partner to the Royal Navy.

<u>Defence and Security</u> – The key focus...is military training and equipment support primarily for the UK MoD with over £1.5 billion of MoD spend within our core capabilities.

<u>Support Services</u> – National grid, \pounds 650 million, five year extension to the Alliance West contract to maintain and upgrade overhead power lines in the UK.

"The support services division operates predominantly in a range of UK public sector, MoD, regulated and commercial markets, targeting various elements of the £200 billion market for outsourced services."

The support services division's operating profit is £106.7 million for 2012 and £79.6 million for 2011.

The respondent's evidence

11. David Norris is the Director of the respondent company. He states:

"In 2010 we registered the name in good faith of Babcock Project Services, as a name available at Companies House inspired by the late relation John Babcock.

We received a letter from IPO to say Babcock Group had challenged the name.

At the time I was just starting out and had not got the funds to challenge, even though we had considerable expenses setting up stationary and branding etc.

Later that year Babcock Group re registered our name in theirs, which I felt was a name the group could have registered themselves.

I asked my accounting firm to come up with a new name, and they advised we should put an S on the end and it would be Babcocks Project Services Limited.

The name being as different as McDonald and McDonalds.

My company douse [sic] not effect the Babcock Group or its interests or adversely effect the name or their business function.

I am a one man band currently doing procurement. And commercial services and claims."

12. One exhibit is attached to Mr Norris's statement which is a list of companies from Companies House register which contain the word 'Babcock'.

The applicant's evidence in reply

13. With regard to the similarity of the company names, Mr Barton for the applicant states:

"2. The defendant [respondent] claims that the name Babcocks Project Services Limited and Babcock Project Services Limited are 'as different as McDonald and McDonalds', the name Babcocks Project Services Limited is almost identical to that of the Claimant and the services offered (procurement/project management services/management consultancy) are also the same as those offered by the Claimant to the extent that a potential customer may mistakenly think the two companies are related. To use the Defendant's [respondent] example, should a new company called McDonald be set up to offer a fast food restaurant service then it is highly likely that McDonald's would indeed object to this Company name. 3. The defendant [respondent] claims to have had 'considerable expenses setting up stationary branding etc.' This expense does not apply to the case in question as it was spent in relation to the stationery and branding of 'Babcock Project Services Limited' not 'Babcocks Project Services Limited'. Given the loss that had reportedly been incurred by the Defendant [respondent], we would have expected it in the best interests of the Defendant to alter the company name sufficiently (i.e. remove 'Babcock' form the name) that it would be unlikely that the Claimant believed it necessary to challenge this name to protect its interests. In not doing so the Defendant [respondent] potentially exposes themselves to similar future losses to those reportedly already incurred.

4. The Claimant believes that there is a strong likelihood, due to the nature of the business of the Babcock Group, customers may associate Babcocks Project Services Limited as being part of the Babcock Group and as such the Defendant [respondent] would be able to us[e] the name and reputation of the Claimant to leverage sales from the association. This could be detrimental to the name and future business of Babcock Group."

14. In reply to the respondent's exhibit containing a list of 145 companies which begin with the word 'Babcock', Mr Barton provided a list, attached to his evidence in reply, in which he identifies 103 of those companies as being part of his company. 32 of the listed companies are dissolved, in liquidation or closed and a further 10 are not connected to the Babcock Group.

Decision

15. Under the provisions of section 69(1) of the Act, if the respondent defends the application, as here, the applicant must establish that it has goodwill or reputation in relation to a name that is the same, or sufficiently similar, to that of the respondent's company name suggesting a connection between the company and the applicant. If this burden is fulfilled, it is necessary to consider if the respondent can rely upon defences under section 69(4) of the Act. The relevant date is the date of application which, in this case, is 3 August 2012. The applicant must show that it had a goodwill or reputation at this date.

The applicant's goodwill

16. Since section 69(7) defines goodwill as a "reputation of any description", in the terms of the Act it is not limited to Lord Macnaghten's classic definition in *IRC v Muller & Co's Margerine Ltd* [1901] AC 217:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate

from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there...The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of good will it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

18. As can be seen from the evidence summary, whilst there is an international dimension to its reputation, at the date of application the applicant had traded in the UK for a number of years (it states over 100 years), in the field of engineering support services. Its operating profit after tax for the five years before the date of application amounted to over £746 million. Whilst this is turnover for the group and is not broken down by jurisdiction, it is clear that the applicant has a number of very valuable contracts with a number of UK interests, including, inter alia, the Royal Navy, National Grid, Devon County Council and London Fire Brigade. In addition, Mr Barton confirms in his first witness statement that the applicant's business operates 'primarily in the UK'. The evidence is undoubtedly sufficient to establish that the applicant had goodwill in the UK at the relevant date in relation to engineering support services. Its goodwill lies in the name 'Babcock' which is used by Babcock International Group Plc and its subsidiaries. 103 of the subsidiaries are identified by Mr Barton in the list attached to his second witness statement. Babcock is used as the first part of each of the company names and is followed by words which relate to the nature of the services provided by that subsidiary. Examples include, 'BABCOCK LAND LIMITED', 'BABCOCK RAIL LIMITED' and 'BABCOCK INVESTMENTS LIMITED'.

Whether the names are the same or similar

19. The comparison to be made is between Babcock and Babcocks Project Services. A company designation is a necessity for a registered company and so the limited element of the company name does not have a bearing upon the issue before the adjudicators². The names are not identical owing to the presence of the additional words 'Project Services' and the addition of a letter 's' to the end of the word 'Babcock'. Section 69(1)(a) of the Act is, therefore, inapplicable. Section 69(1)(b) relates to a company name 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. Both begin with the word Babcock. The words 'Project Services' will be viewed as elements which describe a business. The additional letter 's' is likely to go largely unnoticed but in any event, if it is considered, it simply adds a plural or possessive (albeit a grammatically incorrect one) of the

² See by analogy the decision of the adjudicators in MB Inspection Limited v Hi-Rope Limited [2010] RPC 18

type one would expect to see where a company is acting with permission of another and there are multiple companies involved in the operation. I note the respondent's submission that by adding an 's' to the company name it was as different as McDonald and McDonalds. For all of the reasons provided above, this submission will not be given any further consideration. The respondent's name is sufficiently similar to the applicant's name so that its use in the United Kingdom would be likely to mislead by suggesting a connection between the company and the applicant; for example that the respondent is one of the applicant's subsidiaries providing project services. As the ground specified in subsection 69(1)(b) is established, the onus switches to the respondent to establish whether it can rely on any of the defences pleaded in the counterstatement.

Defences

20. In its notice of defence the respondent has not put forward defences specifically placed within the parameters of the Act, however, from reading its defence it is clear that it considers that the company name was registered in good faith and that the company name does not affect the applicant's interests to any significant extent. It also refers to stationery costs related to starting the business and alludes to an existing business. These represent potential defences under section 69(4)(b),(d) and (e) of the Act; there is no claim to the defences under section 69(4)(a) or (c).

21. In its notice of defence the respondent stated that it registered the name as a name available at Companies House. The respondent applied for the incorporation of the company under the name in contention and Companies House accepted the application. This is not relevant. If it were relevant, then all company names would be immunised against the provisions of the Act.

Defences under section 69(4)(b)(i) and (ii)

69(4) If the ground specified in subsection (1)(a) or (b) is established, it is for the respondents to show—

(a) ...

(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...

22. The respondent claims to have an existing business and to have incurred costs in printing stationery. It states:

"I am a one man band currently doing procurement. And commercial services and claims."

And:

"...even though we had considerable expenses setting up stationary [sic] and branding etc."

23. In its evidence in reply the applicant states:

"3. The defendant [respondent] claims to have had 'considerable expenses setting up stationary [sic] branding etc.' This expense does not apply to the case in question as it was spent in relation to the stationery and branding of 'Babcock Project Services Limited' not 'Babcocks Project Services Limited'."

24. This would indeed seem to be the case. The respondent refers to stationery costs in respect of a name which was subject to previous proceedings before this Tribunal. In any case, no evidence has been provided by the respondent to show the costs incurred in printing stationery or spending in respect of branding and no evidence has been provided to show any indication that it is operating under the name currently at issue. In short, the respondent has not established that it can rely upon sections 69(4)(b)(i) and (ii) of the Act and these arms of its defence are dismissed accordingly.

Defence under section 69(4)(d) – "good faith"

25. Section 69(4)(d) allows for a defence where "the name was adopted in good faith". The issue of good faith turns upon the respondent's motivation and knowledge when the company was registered under the name that is being challenged. The company name was registered by way of change of name (from the company number) on 24 July 2012. Actions after this date may be indicative of the motivation and knowledge of the respondent; however, they cannot change the nature of the act³. Knowledge at the date of incorporation may be relevant in the assessment to be made at the relevant date. The onus is on the respondent to establish that the company name was registered in good faith; it is not upon the applicant to establish that it was registered in bad faith.

26. In 1) Adnan Shaaban Abou-Rahmah (2) Khalid Al-Fulaij & Sons General Trading & Contracting Co v (1) Al-Haji Abdul Kadir Abacha (2) Qumar Bello (3) Aboubakar Mohammed Maiga (4) City Express Bank of Lagos (5) Profile Chemical Limited [2006] EWCA Civ 1492, Rix LJ commented upon the concept of good faith:

"48 The content of this requirement of good faith, or what Lord Goff in *Lipkin Gorman* had expressed by reference to it being 'inequitable' for the defendant to be made to repay, was considered further in *Niru Battery*. There the defendant bank relied on change of position where its manager had authorised payment out in questionable circumstances, where he had good reason to believe that the inwards payment had been made under a mistake. The trial judge had (a) acquitted the manager of dishonesty in the *Twinsectra* or *Barlow Clowes* sense of a claim of knowing assistance

³ *MB Inspection Ltd v Hi-Rope Ltd [2010] RPC 18, paragraph 56.*

in breach of trust, but (b) concluded that the defence of change of position had failed. On appeal the defendant bank said that, in the absence of dishonesty, its change of position defence should have succeeded. After a consideration of numerous authorities, this court disagreed and adopted the trial judge's broader test, cited above. Clarke LJ quoted with approval (at paras 164/5) the following passages in Moore-Bick J's judgment:

'I do not think that it is desirable to attempt to define the limits of good faith; it is a broad concept, the definition of which, in so far as it is capable of definition at all, will have to be worked out through the cases. In my view it is capable of embracing a failure to act in a commercially acceptable way and sharp practice of a kind that falls short of outright dishonesty as well as dishonesty itself."

27. In (1) Barlow Clowes International Ltd. (in liquidation) (2) Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian [2005] UKPC 37, the Privy Council considered the ambiguity in the Twinsectra Ltd v Yardley [2002] 2 AC 164 judgment. The former case clarified that there was a combined test for considering the behaviour of a party: what the party knew at the time of a transaction and how that party's action would be viewed by applying normally acceptable standards of honest conduct.

28. In *Harrisons Trade Mark Application ("Chinawhite")* [2004] FSR 13 Pumfrey J commented:

"14 Mr Engelman's argument was a direct challenge to the hearing officer's approach to the question of good faith, but he also objected that it was not open to the hearing officer to infer bad faith from the facts, which he maintained was contrary to the decision of the Court of Appeal in Davy v Garrett (1878) 7 Ch D 473 at 489. This I think is a misapprehension as to the scope of the decision in Davy v Garrett. That case was dealing with fraud in a different context. In this field context is everything. The words 'bona fide' or 'good faith' are what are sometimes called chameleon words and take their content and their colour from their surroundings. Once the hearing officer had decided that the correct approach was that which I think he may well have been bound to accept, it was open to him to find that objectively the behaviour of the application did not satisfy the second half of the formulation. The word 'inference' itself has a wide meaning, as Robert Walker L.J. demonstrates in REEF Trade Mark [2003] R.P.C. 5. This was not a question of drawing an inference at all. It was a question of coming to a secondary finding of fact on all the material. I do not consider that the hearing officer's decision is open to challenge on this ground and the appeal must accordingly be dismissed."

29. At no point does the respondent claim to have been unaware of the existence of the applicant and following the successful application against the previous company name BABCOCK PROJECT SERVICES LTD, it is clear that the respondent was aware of the applicant and the extent of its business by that date, if not before.

30. The respondent has explained, both in the counterstatement and in Mr Norris' witness statement, the genesis of its name being in honour of Mr Norris' late uncle. Mr Norris also states that the company name was taken from an accounting firm JSA Services Ltd. There is no evidence filed in support of these statements. Given that he has gone to the trouble of registering a company under a particular name, it is reasonable to expect that there would be planning documents, business plans and other material relating to the intentions and plans of the business. Or at least witness statements from others regarding discussions about the nature of the proposed business. Such documentation may have assisted in working out whether or not the name was adopted in good faith. Nothing has been provided.

31. The exact nature of the respondent's business is unclear. In his counterstatement the respondent states that his business is *"project services in waste and recycling"*. In his witness statement filed on 19 February 2014 he states, *"I am a one man band currently doing procurement. And commercial services and claims."* I also note that the respondent's SIC number at Companies House describes the primary business as, "Management consultancy activities other than financial management."

32. We are aware that in some cases an earlier registration of the same or a similar name may shed light on whether or not the later registration was made in good faith.⁴ In this case the respondent does not state that he was unaware of the applicant at any point in time. The onus is on the respondent to show that he has adopted the name in good faith and the absence of evidence to this effect means that it has not established the defence. The defence claimed under section 69(4)(d) fails.

Defence under section 69(4)(e) of the Act - the interests of the applicant are not adversely affected to any significant extent

33. Section 69(4)(e) of the Act gives a defence if the interests of the applicant are not adversely affected to any significant extent. The terms of the defence are written in the present tense. An application to the tribunal can be made at any time, there is no time limit to lodge an objection to a company name. An application could be made where at the time of the registration of the company name the interests of the applicant were adversely affected, however, by the time of the application they no longer are. It would be perverse to deny a defence that relates to the position at the date of the application, where the ill had already been cured. In relation to section 69(4)(e) the matter should be judged at the date of filing of the application - in this case, 3 August 2012.

34. To affect adversely the interests of the applicant to any significant extent the company name must do more than just sit on the register at Companies House. In this case, the adverse effect must relate to the potential use of the company name in business.

⁴ See Zurich Insurance Co. V Zurich Investments Limited, BL O-197-10, paragraph 54.

35. We have already found that at the relevant date in these proceedings the applicant had a protectable goodwill in an undertaking which was identified by, inter alia, the name 'Babcock' and that this goodwill was in relation to a range of engineering support services. Although we have found that on the basis of the lack of evidence the respondent cannot show that it has been operating under the name Babcocks, one can, in our view, test whether or not the applicant's interests will or will not be adversely affected to any significant extent by asking what the position would be should the respondent begin operating under the name i.e. whether the applicant's business would be affected if the respondent were to use the company name Babcocks.

36. In a case such as this where the challenged company name is very similar to the name upon which the applicant has established goodwill, and as the areas in which the parties either operate or may operate are identical, the impact on the applicant's business would, in our view, be both real and significant.

37. Under section 855(1)(b) of the Act a company is only required to list its **principal** business activities, and the nature of the business recorded for the company does not restrict it to this principal business activity. In this case, as discussed above, the nature of the respondent's business is not entirely clear, though it is registered for "Management consultancy activities other than financial management", which the applicant states are also offered by its company.

38. Use by the respondent which, for example, diverts potential customers from the applicant to the respondent, or on services provided by the respondent which are inferior to those provided by the applicant, are all, in our view, likely adversely to affect the applicant to a significant extent. Pluralising BABCOCK to BABCOCKS and stating that the change is enough to prevent the applicant from being affected adversely is, at best, misguided. The names are highly similar. As a consequence, the respondent's defence based upon section 69(4)(e) is dismissed.

Outcome

39. As we have dismissed all of the respondent's defences, the application succeeds. In accordance with section 73(1) of the Act, the following order is made:

(a) Babcocks Project Services Ltd shall change its name within one month of the date of this order to one that is not an offending name⁵;

(b) Babcocks Project Services Ltd shall:

(i) take such steps as are within its power to make, or facilitate the making, of that change;

⁵ An "offending name" means a name that, by reason of its similarity to the name associated with the applicant in which he claims goodwill, would be likely— to be the subject of a direction under section 67 (power of Secretary of State to direct change of name), or to give rise to a further application under section 69.

(ii) not cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

40. If no such change is made within one month of the date of this order, a new company name will be determined as per section 73(4) of the Act and notice will be given of that change under section 73(5) of the Act.

Costs

41. Babcock International Group Plc having been successful is entitled to a contribution towards its costs on the following basis:

Total	£1500
Expenses (official fees for CNA1 & 2 x CNA3)	
Preparing evidence	£500
Preparing a statement and considering the other side's statement	£300

39. Babcocks Project Services Ltd is ordered to pay to Babcock International Group Plc the sum of £1500. 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.

40. 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 26th day of November 2014

Al Skilton Company Names Adjudicator

Oliver Morris Company Names Adjudicator Judi Pike Company Names Adjudicator