

ARTICLE FOR NSC LEGAL UPDATE

A CLAIMANT CHANGING THE NAME OF A DEFENDANT COMPANY BY DIRECT ACTION

It is not uncommon that the result of proceedings for passing off and/or infringement of registered trade mark is an Order against the defendant company that it should forthwith change its name so as to exclude the trade mark about which complaint is made by the claimant, or any sign confusingly similar to that trade mark. Normally an Order against the company itself and/or its directors has the desired effect. However in a surprising number of cases such an Order is ignored and the claimant is left with an unsatisfied Order of the Court and a company name for the defendant which is potentially damaging to the claimant, even if the defendant is not actively trading. Companies House can assist to a limited extent by the use of administrative procedures, but such are, naturally, out of the control of the claimant and take about four months to reach a conclusion even in circumstances where no obstacles are put in the way of the defendant company being struck off the Register. Thus there are occasions where the claimant requires a quick, simple and cheap method of achieving the change of name. This article explains such method, as adopted on 24 January 2008 by Mr Justice David Richards sitting in the Chancery Interim Applications Court.

For relevant purposes a company can only change its name by a special resolution under the provisions of section 28(1) of the Companies Act 1985 as amended (and still in force until 1 October 2008 when it will be replaced by section 77(1) of the Companies Act 2006). Such resolution is passed by the shareholders of the company, and not by the company itself or by its directors. However due to the corporate veil, the shareholders (unless also executive directors) cannot usually be joined as tortfeasors in the action and only become relevant to the proceedings once the claimant has obtained a substantive judgment in the required form. Thus a mechanism needed to be found where any of (1) there were no shareholders registered at Companies House (as was the case in point), or (2) those registered shareholders could not be found, or (3) expensive and time consuming contempt proceedings were to be avoided (even if the shareholders could be found).

The relevant law is as follows:-

- 1 Rule 8 of RSC Order 45 (still in force) allows the Court to empower a claimant to undertake, at the cost of the disobedient party, the act ordered by the Court – *“If a mandatory order, injunction or a judgment is not complied with, then, without prejudice to its powers to punish the disobedient party for contempt, the court may direct that the act required to be done may, so far as practicable, be done by the party by whom the order or judgment was obtained or some other person appointed by the court, at the cost of the disobedient party, and upon the act being done the expenses incurred may be ascertained in such manner as the court may direct and execution may issue against the disobedient party for the amount so ascertained and for costs”*.
- 2 Paragraph 2 of CPR 40PDB deals with the detail of any exercise of the Court’s

power order a document to be signed by a named person on behalf of someone else – *“Where a judgment or order directs any deed or document be prepared, executed or signed, the order will state: (1) the person who is to prepare the deed or document, and (2) if the deed or document is to be approved, the person who is to approve it”*.

- 3 Paragraph 12 (Arden LJ) of the judgment in Halifax plc v Halifax Repossessions Limited [2004] EWCA Civ 331 shows that a change of name can be forced on a corporate defendant by joining its shareholders and obtaining an Order against them to execute a special resolution under section 28 of the Companies Act 1985 – *“it was always open to Halifax to join the members of the respondent companies and to seek mandatory orders against them that they cause the companies’ names to be changed and an order empowering a person specified by the Court to execute a written resolution on behalf of the members if the members failed to cause the companies’ names to be changed”*.
- 4 Paragraphs 19 and 21 (Sir Andrew Morrit V-C) of the judgment in Bloomsbury Publishing Group Limited v News Group Newspapers Limited [2003] EWHC 1205 (Ch) show that (1) there is no requirement that a defendant had to be named, (2) the description of the defendant only had to be sufficiently certain as to identify both those who were included and those who were not, and (3) provided that such test was satisfied, then it did not matter that the description might apply to no one or more than one person, nor that there was no further element of subsequent identification – *“There is no requirement [in the CPR] that a defendant must be named, merely a direction that he ‘should’ beThe overriding objective and obligations cast on the Court are inconsistent with an undue reliance on form over substance The crucial point, as it seems to me, is that the description used must be sufficiently certain as to identify both those who are included and those who are not”*.

With this background in essence the Order granted by David Richards J on 24 January 2008 was as follows:-

- (a) An substantive permanent injunction in the usual form was ordered against the defendant company to restrain passing off and infringement of registered trade mark;
- (b) the claimant was granted an Order for judgment against the defendant company;
- (c) the shareholders were joined as co-defendants to the action, in the case of any unknown shareholders by naming them as *“ALL PERSONS WHO ARE SHAREHOLDERS IN [THE FULL EXISTING NAME OF THE DEFENDANT COMPANY]”*;
- (d) the Claim Form was amended as underlined in the draft Amended Claim Form attached to the Application Notice;
- (e) service of an Amended Particulars of Claim was dispensed with as against each of the Defendants;
- (f) each of the Defendants which or who was a shareholder in the defendant company upon service of the Order, was to sign forthwith a written resolution of the defendant company pursuant to the provisions of section 288 of the Companies Act 2006 to change forthwith the name of the defendant company to a name which did not include the offending sign, or any sign which incorporates

- the claimant's trade mark, or any other sign confusingly similar thereto.
- (g) unless by twenty eight days after service of the Order the name of the defendant company had been changed in accordance with the above mentioned provision, a named solicitor in the firm of solicitors on the record for the claimant, was empowered to draft, approve and sign on behalf of each of the shareholder defendants, a special resolution of the members of the Defendant company under the provisions of section 28 of the Companies Act 1985, as amended, to change the name of the defendant company forthwith to the specified name;
 - (h) as against the unknown defendants, service of the Order was to be effected by delivery of each of (1) the Amended Claim Form, and (2) a copy of the Order, to the registered office of the defendant company in an envelope addressed to ALL PERSONS WHO ARE SHAREHOLDERS IN BESTWAY RETAIL LIMITED.

In conclusion it should be noted that (1) the Judge endorsed the view that the unknown defendants should be named as 'shareholders' and not 'members' since the general public does not recognise 'members' as being 'shareholders' in a company, (2) the name chosen in that case merely substituted the offending sign with the name of the road in which the registered office was situated (which had previously been cleared as available by a search on the Companies House website – as the witness statement in support of the application explained), and (3) the various costs' and expenses' provisions were in addition to the above Orders.

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