

O/093/12

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION
No. 2554982
BY MINIFRAME LIMITED
TO REGISTER THE TRADE MARK
MINIFRAME
IN CLASS 9**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 101260 BY
MINIFRAME UK LIMITED**

BACKGROUND

1) On 5 August 2010, Miniframe Limited (hereinafter the applicant), applied to register the trade mark MINIFRAME in respect of the following goods in Class 9: "Computer software for enabling multiple workstations using a single computer".

2) The application was examined and accepted, and subsequently published for opposition purposes on 3 September 2010 in Trade Marks Journal No.6851.

3) On 2 December 2010 Miniframe UK Limited (hereinafter the opponent) filed a notice of opposition. The grounds of opposition are in summary:

- a) The opponent contends that, from June 2007, Kira Supplies Ltd started to promote the products and services of the applicant in the UK. In November 2007 Kira Supplies Ltd were appointed sole distributors of the applicant's products within the UK. At the request of the applicant a separate company Miniframe UK Ltd was established in April 2008. The opponent sought to have a distinctive logo but the applicant requested that the logo be a virtual copy of their logo. The opponent states that since April 2008, all advertising of the applicant's products in the UK has been done by and paid for by the opponent. They contend that all the goodwill in the UK for the applicant's products has been built up at the expense of the opponent and it is therefore an act of bad faith for the applicant to seek to register the name and consequently acquire all the goodwill built up at the opponent's expense. The opponent has trained a large number of resellers in the UK and has expended large sums on promoting the applicant's brand in the UK. The opponent contends that the application offends against Sections 3(6) and 5(4)(a) of the Act.

4) On 26 May 2009 the applicant filed a counterstatement which denied the opponent's claims. The applicant states that the agreement with Kira Supplies Ltd, the parent company of the opponent, states that all goodwill, arising from the actions of the opponent, accrues to the applicant. The applicant states that it has attempted to conclude a co-existence agreement but the opponent has been unwilling to agree terms.

5) Both parties filed evidence, and both seek an award of costs in their favour. The matter came to be heard on 22 February 2012. At the hearing, the opponent was represented by Mr Anscombe, the applicant was not represented nor did they supply written submissions.

OPPONENT'S EVIDENCE

6) The opponent filed a witness statement, dated 1 June 2011, by Roger Howard Anscombe, the Managing Director of the opponent. He states that the agreement referred to in the statement of grounds was between Kira Supplies Ltd and the applicant, and was prior to Kira becoming the sole UK distributor for the applicant. It was also prior to the applicant requesting that Kira trade as Miniframe UK Ltd. This agreement has been subject to four addenda. At exhibit RHA1 he provides a copy of the second addendum, dated 14 February 2008. There are two paragraphs which are of particular interest and are reproduced below:

"1. Subject to the conditions set out hereinafter, MiniFrame [the applicant], as the sole owner of all rights to the MiniFrame Software Package (SoftXpand) grants the FIRM [Kira], subject to the terms and conditions contained in this agreement, a grace period until February 28th, 2009 (hereinafter, Grace Period), during which FIRM can recruit DCs

[Distribution channels] and sell SoftXpand in the UK while no other company will be authorised to recruit DCs in the UK.”

And:

“8. The FIRM requested to use the name MiniFrame UK or any other name using the term MiniFrame for the new Distribution Company.

MiniFrame shall evaluate this request at its sole discretion. Shall MiniFrame agree to this request, a separate agreement will be signed between the parties.”

7) Mr Anscombe states that in February 2008 Miniframe UK Ltd was set up. He states that the applicant encouraged and insisted on its use. He provides at exhibits RHA3 & 4 copies of two e-mails from July 2008 sent by the applicant. One is addressed to MiniFrame UK, the other asks if a quote can be amended to show Miniframe UK instead of Kira. Mr Anscombe points out that the applicant is advertising an award won by the opponent under Miniframe UK on its current website. He also states that in October the applicant organised an international partner conference in Israel and requested that the opponent attend and give a presentation. The applicant also sent a letter thanking them for their participation. Exhibits RHA5-7 refer. Mr Anscombe states that the opponent has been the sole UK supplier of SoftXpand and has provided all marketing materials to resellers in the UK at its own expense as well as attending numerous exhibitions. He provides copies of invoices relating to printing of leaflets and also expenses entailed with attendance at exhibitions at exhibit RHA8 & 9. The opponent has also won a number of awards and these are documented at exhibits RHA 10 & 11. Mr Anscombe suggests that this all shows that any goodwill in the UK was generated by the opponent.

8) Mr Anscombe states that a coexistence agreement was drafted by the opponent and sent to the applicant but the applicant rejected the agreement pointing out that they owned the mark in suit and that the opponent had defaulted on its payments.

APPLICANT’S EVIDENCE

9) The applicant filed a witness statement, dated 27 July 2011 by Donald Bryant-Rich the Vice President of Product Management of the applicant. At exhibit DBR1 he provides a copy of the agreement between Kira Supplies Ltd and the applicant, dated 26 June 2007. He describes Kira as the parent company of the opponent. He draws attention to paragraph 7.1 which states:

“FIRM [Kira] acknowledges and agrees that any and all proprietary rights, trademarks, trade names, copyrights, patents, know-how and other intellectual property rights used or embodied in or related to SoftXpand and all documentation and manuals relating thereto whether registered and unregistered, including but not limited to SoftXpand documentation, source and object code (hereinafter: “the proprietary rights”) are and shall remain the sole and exclusive property of MiniFrame. FIRM shall notify its customers accordingly. FIRM may not exploit, reproduce or use SoftXpand except as expressly permitted in this agreement. FIRM shall not have or acquire any right, title or interest in or otherwise become entitled to any rights in or to the SoftXpand except as expressly permitted in this Agreement. Miniframe may at any time affix in any manner Miniframe’s trade name, service marks or trademarks or any of them (the “Trademarks”) to any SoftXpand. FIRM shall not have or acquire any right, title or interest in or otherwise become entitled to use any Trademarks, either alone or in conjunction with other words or

names, or in the goodwill thereof, without the express written consent of Miniframe in each instance.”

10) Mr Bryant-Rich also provides the four addenda to the original authorised dealer agreement at exhibits (DBR2-5). None of these have any amendments to paragraph 7.1. All four Addenda are between the applicant and Kira Supplies Ltd and all are dated 26 June 2007. He states that the reason why the agreement was terminated was because agreed payments for the purchase of licenses for exclusive rights to distribute the applicant’s goods were not received. He provides a copy of the “cease and desist” letter dated 25 August 2010, at exhibit DBR6. He states that paragraph 5.8 of the agreement at exhibit DBR1 states that the Authorised dealer will bear all expenses related to the execution of its undertakings under the agreement. He states that it is not unreasonable for dealers to incur such expenses in promoting and selling goods. He points out that the awards were won by his company’s products. He also points out that no separate agreement was signed with Miniframe UK Ltd. He provides copies of correspondence between the parties which I regard as being “without prejudice” and as such I will not take them into account in my decision.

11) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

12) I turn first to section 5(4)(a) which reads:

“5. (4) 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, or

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.”

13) In deciding whether the mark in question offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.'

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

'To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

14) I also note the comments of Pumfrey J in *South Cone Incorporated v JackBessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case, in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

15) I must also keep in mind the comments of Mr Justice Floyd in *Minimax GMBH & Co KG and Chubb Fire Limited* [2008] EWHC 1960 (Pat) in which he says of the above:

“Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent’s reputation extends to the goods comprised in the application in the applicant’s specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

16) First I must determine the date at which the opponent’s claim is to be assessed; this is known as the material date. In this regard, I note the judgment of the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Joined Cases T-114/07 and T-115/07. In that judgment the GC said:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

17) In its evidence the applicant has not sought to claim that it has used the marks in suit prior to their application for registration on 5 August 2010. For its part the opponent contends that it has been distributing the applicant’s products in the UK since April 2008 when it was formed. However, I note that the opponent accepts that it does not have a distribution agreement with the applicant. The distribution agreement is between the applicant and Kira Supplies Ltd. The relationship between Kira Supplies Ltd and the opponent is not made clear, other than to deny the applicant’s claim that the opponent is a subsidiary of Kira Supplies Ltd. The opponent has not provided any evidence of sales, such as turnover figures, market share or independent evidence. It has provided evidence that it attended exhibitions but this evidence was only in the form of invoices for the stands. No evidence was provided of whether the stand featured the name Kira or MiniFrameUK or what was exhibited. Neither was any evidence provided regarding the packaging or publicity material used in relation to the products being offered. I am aware of the case of *Medgen Inc. V Passion for Life Products* [2001] F.S.R.30 but this is not on all fours with the instant case. To my mind the opponent has not shown that it has any goodwill in the mark in the UK. This requirement not being met the opposition under Section 5(4)(a) fails.

18) I now turn to consider the ground of opposition under Section 3(6) which reads:

“3.(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

19) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that....

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

20) In case O/094/11 [*Ian Adam*] Mr Hobbs Q.C. acting as the Appointed Person summed up the bad faith test in the following manner:

“31. The basic proposition is that the right to apply for registration of a trade mark cannot validly be exercised in bad faith. The invalidity of the application is not conditional upon the trade mark itself being either registrable or unregistrable in relation to any goods or services of the kind specified. The objection is absolute in the sense that it is intended to prevent abusive use of the system for acquiring title to a trade mark by registration. Any natural or legal person with the capacity to sue and be sued may pursue an objection on this ground: see the Judgment of the Court of Justice in Case C-408/08P Lancôme parfums et beauté & Cie SNC v. OHIM [2010] ECR I-00000 at paragraph [39] and the Opinion of Advocate General Ruiz-Jarabo Colomer at paragraphs [63] and [64]. Since there is no requirement for the objector to be personally aggrieved by the filing of the application in question, it is possible for an objection to be upheld upon the basis of improper behaviour by the applicant towards persons who are not parties to the

proceedings provided that their position is established with enough clarity to show that the objection is well-founded.

32. Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *'the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights'* as noted in paragraph [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph [189] of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032 (Ch); [2009] RPC 9 Arnold J. likewise emphasised:

... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice,

is taken to condemn not only dishonesty but also ‘*some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined*’: Gromax Plastics Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal und Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that ‘national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely’: Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith.”

21) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date or at least a date no later than that (Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893; Hotpicks Trade Mark, [2004] RPC 42 and Nonogram Trade Mark, [2001] RPC 21).

22) I found earlier in this decision that the opponent had not shown that it had goodwill in the mark in suit. It is clear that the original distribution agreement between Kira Supplies Ltd and the applicant stated explicitly that all the intellectual rights remained with the applicant. The opponent contends that the applicant insisted that Kira set up another company whose name would include “miniframe”. However, there is no evidence that the applicant made such a

demand, merely that it acknowledged that such a company existed. However, no new distribution contract was ever signed between the opponent and applicant. The applicant contends that the opponent is a subsidiary of Kira, a claim which the opponent simply denies. The relationship is not explained, even though the same people appear to be the decision makers at both companies. I assume for the purposes of this decision that Kira Supplies Ltd and MiniFrame UK Ltd are separate legal entities. The main point of contention appears to be that the opponent incurred significant expenditure in promoting the applicant's products in the UK and now relations have soured to the point where the applicant has terminated the contract with Kira. The opponent contends that the goodwill generated belongs to them and that the applicant is seeking to appropriate this goodwill. I have considered the issue of goodwill earlier in this decision. In the circumstances I do not believe that the application was made in bad faith.

COSTS

23) The opponent has failed on both the grounds pleaded. As such the applicant is entitled to a contribution towards its costs. In considering the costs award I take into account the fact that the applicant's evidence was, for the most part, irrelevant to the instant case. I have therefore decided not to make any award regarding the provision of evidence.

Preparing a statement and considering the other side's statement	£300
TOTAL	£300

24) I order Miniframe UK Limited to pay Miniframe Limited the sum of £300. This sum 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.

Dated this 1st day of March 2012

**George W Salthouse
For the Registrar,
the Comptroller-General**