

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION No. 2554982
IN THE NAME OF MINIFRAME LIMITED**

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

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
BY THE OPPONENT
AGAINST THE DECISION OF MR. GEORGE W. SALTHOUSE
DATED 1 MARCH 2012**

DECISION

Background

1. This is an appeal against a decision of Mr. George W. Salthouse, acting for the Registrar, BL O/093/12, dated 1 March 2012, in which he rejected an opposition brought by MiniFrame UK Limited (“the Opponent”) against Trade Mark Application number 2554982 in the name of MiniFrame Limited (“the Applicant”).
2. Application number 2554982 was filed by the Applicant on 5 August 2010 requesting registration of the designation MINIFRAME for use as a trade mark in the UK in respect of the following goods:

Class 9

Computer software for enabling multiple workstations using a single computer.

3. On 2 December 2010, the Opponent filed a Notice of opposition and statement of grounds against the Application under:
 - (1) Section 5(4)(a) of the Trade Marks Act 1994 that the mark applied for must be refused registration because its use in the UK was liable to be prevented by the law of passing off protecting the Opponent’s earlier right in the name and unregistered trade mark MINIFRAME.
 - (2) Section 3(6) of the Act that the mark was applied for by the Applicant in bad faith.
4. The essential facts in so far as I understand them were as follows, in brief:
 - (1) The Applicant, MiniFrame Limited, is an Israeli company, which produces a “MiniFrame software package” called SOFTXPAND. It uses a MINIFRAME logo combined with the words: “Doing more with less”. The evidence indicates that the Applicant’s products are distributed through “resellers” or

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authorised dealers in a number of countries worldwide including India, the Ivory Coast and Portugal.

- (2) In 2007, the Applicant entered into a “MiniFrame Authorized Dealer Agreement” with a company called Kira Supplies Limited (Company No. 4641902). Under this Agreement, Kira was granted the non-exclusive right to distribute the MiniFrame Software Package SOFTXPAND product in the UK.
- (3) There were several addenda to the Agreement amongst other things granting Kira grace periods of exclusivity in the UK and extending the term of the Agreement. A Second Addendum in 2008 recorded:

“6. The FIRM [Kira] is entitle to establish a distribution company in order to distribute SoftXpand licenses in the UK.

This entitlement is subject to assigning this Agreement to the new established Distribution Company.

7. To avoid any misunderstanding, the Distribution Company’s activities will only be the distribution, promotion, marketing and sales of MiniFrame products.

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.”

- (4) There was no change to the “Acknowledgement” clause 7 of the Agreement, which provided:

“7.1 FIRM acknowledges and agrees that any and all proprietary rights, trademarks, trade names, copyrights, patents, know-how and other intellectual property rights used or embodies 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. 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 of 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.

- 7.2 FIRM shall not, whether before, during or after the termination of this Agreement for whatever reason, take any action inconsistent with MiniFrame's ownership and/or rights, nor give permission to others, including end-users, to the Proprietary Rights in any manner whatsoever except pursuant to this agreement."
- (5) A new distribution company, MiniFrame UK Limited (Company number 06565852), the Opponent, was incorporated on 15 April 2008, with Mr. Roger Anscombe as its managing director (Witness Statement of Roger Howard Anscombe, dated 1 June 2011).
 - (6) Mr. Roger Anscombe represented Kira in signing the 2007 Agreement with the Applicant.
 - (7) Moreover, the public records and documents on file show that Kira and the Opponent shared registered offices, trading addresses and personnel (Roger and Sue Anscombe).
 - (8) It is a matter of dispute whether the Applicant instigated/consented to the setting up of the Opponent under the name MiniFrame UK Limited, in order to distribute the Applicant's products.
 - (9) In any event, it is common ground that there was no assignment of the 2007 Agreement to the Opponent, nor did the Applicant enter into a separate agreement with the Opponent for the distribution of the MiniFrame Software Package SOFTXPAND product.
 - (10) The 2007 Agreement was terminated by the Applicant in June 2010 for reasons that are not the subject of these proceedings. Pursuant to clause 6.2 of the Agreement¹, Kira was requested to cease using the Applicant's trade marks.

The Hearing Officer's decision

5. On Section 5(4)(a), the Hearing Officer held that the Opponent had not shown that it had any goodwill in the mark in the UK at the date of filing the Application. Accordingly, the opposition under Section 5(4)(a) failed.
6. That finding tended to roll up in one, two questions that were pertinent to this ground. First, did any goodwill exist in the MINIFRAME product in the UK when the Application was filed? Second, if so, who owned that goodwill?

¹ There is some misnumbering of clauses in the 2007 Agreement. "Term and termination" is numbered "7" but the provisions that follow are numbered 6.1, 6.2 etc.

7. The Hearing Officer observed that although the Opponent had provided evidence of attendance at exhibitions, this evidence was only in form of invoices for the stands:

“No evidence was provided of whether the stand featured the name Kira or MiniFrame UK or what was exhibited. Neither was any evidence provided regarding the packaging or publicity material used in relation to the products being offered.” (para. 17)
8. Those observations might suggest that the Hearing Officer’s finding on Section 5(4)(a) related to the first question. On the other hand, his reference to the case of *MedGen v. Passion for Life Products* [2001] FSR 30, where on its particular facts, the UK goodwill belonged to the distributor of a foreign manufacturer, indicates that the Hearing Officer’s finding might have been concerned with the second question.
9. The finding that the Opponent had failed to establish goodwill in the mark, also led the Hearing Officer to conclude that the Opponent’s ground under Section 3(6) was not made out.
10. Since the opposition had failed, the Opponent was ordered by the Hearing Officer to pay to the Applicant the sum of £300 towards the Applicant’s costs of the opposition.

The appeal

11. On 27 March 2012, the Opponent filed Notice of appeal to the Appointed Person under Section 76 of the Act against the Hearing Officer’s decision to reject the opposition under Section 5(4)(a) and Section 3(6).
12. At the appeal hearing before me, the Opponent was represented by Mr. Roger Anscombe, as it had been before the Hearing Officer. The Applicant chose not to attend or to be represented at the appeal hearing (as was the case below) and submitted no written representations.
13. Before turning to the substantive appeal, I will deal with two preliminary issues that arose for my decision.

“Without prejudice” correspondence

14. In his summary of the evidence, the Hearing Officer refers to the Witness Statement of Donald Bryant-Rich, Vice President of Product Management of the Applicant, dated 27 July 2011 (paras. 9 – 10).
15. Mr. Bryant-Rich had exhibited copies of correspondence between the parties (DBR 7 – DBR 9), which the Hearing Officer said he regarded as being “without prejudice” and as such excluded from his consideration (para. 10).
16. At the appeal hearing, Mr. Anscombe complained that the Hearing Officer had been wrong not to take this evidence into account. The parties had, in effect, agreed to waive any “without prejudice” qualification on the Applicant’s evidence in question.
17. My subsequent inspection of the file reveals that Mr. Anscombe is correct.

18. The Registry wrote to the Applicant's representatives on 15 August 2011 (cc. the Opponent) returning the Applicant's evidence for amendment on the ground that DBR 7 – DBR 9 contained “without prejudice” material although not marked as such. The Applicant's agents objected to the Registry's viewpoint in a letter dated 23 August 2011 (cc. the Opponent). On 28 September 2011, the Registry wrote to both parties stating that the evidence would be allowed into the proceedings if both parties agreed. The Applicant and the Opponent signified their acceptances of the Applicant's evidence as filed in letters to the Registry, dated 3 October 2011 and 4 October 2011 respectively.
19. I have taken into account the Applicant's evidence as filed (in total) in my decision in the matter of this appeal.

Additional evidence

20. The Statement of grounds of appeal appeared to include a request by the Opponent to introduce fresh evidence copies of which were annexed (RHA 15 – 26).
21. Following my directions in writing, dated 30 August 2012, the Opponent under cover of a Witness Statement of Roger Howard Anscombe, dated 4 October 2012, submitted a request to introduce as further evidence exhibits RHA 15 – 26.
22. In his Witness Statement, Mr. Anscombe addressed the three requirements for admission of late evidence set out by the Court of Appeal in *Ladd v. Marshall* [1954] 1 WLR 1489 at 1491, namely:

“... first, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial; secondly, the evidence must be such that, if given, it would probably have an important influence on the result of the case, although it need not be decisive; third, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible.”
23. In trade mark cases, the appeal tribunal can also take into account: (1) the nature of the mark; (2) the nature of the objections to it; (3) whether or not the other side will be significantly prejudiced by the admission of the new evidence in a way which cannot be compensated, e.g., by an order of costs; (4) the desirability of avoiding a multiplicity of proceedings; and (5) the public interest in not admitting onto the Register invalid marks (*Hunt-Wesson Inc's Trade Mark Application* [1996] RPC 233, *El Du Pont Nemours & Co. v. S.T. Dupont* [2004] FSR 15, para. 103-104).
24. The fresh evidence sought to be admitted comprised first, copies of eight photographs showing MiniFrame UK exhibition stands/materials at the BETT Exhibition, London Olympia, 2009, the NEC Call Centre Expo, Birmingham, 2009, the Higher Education Expo, Barbican, London, 2009, the IT Road Show, Derbyshire, 2009 and a sample of loan exhibition material available for the Opponent's resellers (RHA 15 – 22).
25. Mr. Anscombe had detailed the Opponent's attendance at national and local exhibitions in order to promote the Applicant's products at paragraph 2.0 of his first Witness Statement, dated 1 June 2011. He had exhibited at RHA 8, copy invoices

showing some of the costs to the Opponent associated with these exhibitions (although he acknowledged that some of the invoices were made out to Kira Supplies Limited). At RHA 9, he included a copy of a page from the BETT 2010 Official Show Guide giving an exhibitor profile for “MINIFRAME [stand] U116”². He also stated that: “*All the marketing material produced advertised the name MiniFrame ...*”

26. At the opposition hearing, the Hearing Officer remarked on the lack of pictures of the exhibition stands/marketing materials (transcript pp. 8, 12). Mr. Anscombe offered to supply these but the Hearing Officer had made clear that it was too late at this stage.
27. As mentioned above, the Hearing Officer repeated his remarks as to the absence of evidence relating to the exhibitions in his decision.
28. Mr. Anscombe told me in his request to admit further evidence and at the appeal hearing that, as a litigant in person, he had endeavoured to be succinct as possible and not to submit multiple exhibits where a few were enough to prove the point he was making. He was disappointed that the Hearing Officer seemed to have ignored the evidence that was admitted and now sought permission to introduce eight photographs showing that all of the Opponent’s marketing was in the name of MiniFrame or MiniFrame UK Limited.
29. One option available to the Hearing Officer would have been to adjourn the opposition hearing to allow Mr. Anscombe to submit the photographs that he said were available and the Applicant to comment thereon. The Applicant had elected not to attend the hearing and any unfairness to the Applicant caused by a short delay would likely have been minimal.
30. The photographs have an obvious relevance to the proceedings and I see no reason to doubt their authenticity. The Applicant has signified no objection to the introduction of the photographs either by way of response to the Statement of grounds of appeal, or to the Opponent’s request as per my directions. Further, it chose not to attend the appeal hearing or to file written submissions. I am aware in this case of the need to avoid a multiplicity of proceedings, at least in relation to the present issues. Overall, I decided that the interests of justice were best served by allowing the photographs (RHA 15 – 22) into the appeal.
31. That was also my decision in relation to four copy emails (RHA 23 – 26), which the Opponent secondly sought to introduce as late evidence. Again their presence was canvassed before the Hearing Officer (Mr. Anscombe offered to hand them over at the opposition hearing) and they bear upon the disputed issue of the adoption by the Opponent of the name MiniFrame UK Limited. They appear consistent with other copy correspondence between the parties in the admitted evidence and are believable³.

² The web address stated on the profile is www.kira.co.uk; the email address, sue@kira.co.uk

³ Mr. Anscombe did refer to the availability of such email correspondence in his written comments on Mr. Bryant-Rich’s evidence, dated 3 November 2011.

The substantive appeal

32. The grounds of appeal are essentially that the Hearing Officer misinterpreted the evidence in finding no goodwill in the Opponent for the purposes of Section 5(4)(a) and no bad faith in the Applicant for the purposes of Section 3(6).

Section 5(4)(a)

Was there UK goodwill?

33. “Goodwill” in this context was explained by Lord Macnaghten in *Inland Revenue Commissioners v. Muller & Co’s Margarine Ltd* [1901] AC 217 at 223:

“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.”

34. As that passage indicates goodwill is usually established by showing the existence of customers in the UK for the product offered and supplied under and by reference to the mark in suit. On occasion, however, pre-launch publicity has been held to generate sufficient goodwill to support an action of passing off (*Elida Gibbs Ltd v. Colgate Palmolive Ltd* [1983] FSR 95).
35. The Hearing Officer rightly remarked that the Opponent had not provided: “*any evidence of sales, such as turnover figures, market share or independent evidence*”.
36. On the other hand:
- (1) The Opponent exhibited MiniFrame products at national and local exhibitions in the years 2008, 2009 and 2010. The pictures introduced at RHA 15 – 22, confirm Mr. Anscombe’s statement that all the exhibition advertising/material bore the name MINIFRAME (Witness Statement, dated 1 June 2011). It is also possible to discern use of the Applicant’s “Doing more with less” MINIFRAME logo with the addition of “UK” to the right of “MiniFrame”. The mark SOFTXPAND is clearly shown being used with MINIFRAME in RHA 18.
 - (2) The MINIFRAME products have won several awards including in the UK, the Green Apple Award 2009, the PC Plus Performance Award 2009, the Green Hero Award 2009 and BESA’s Educational Resources Award 2009. This is borne out by the Counterstatement, statements by Mr. Anscombe in his first Witness Statement, copy email correspondence from the Applicant (advertising the awards at the bottom of the email) and copy print outs from the Applicant’s website exhibited to Mr. Anscombe’s first Witness Statement, and copy pictures of MiniFrame exhibition stands/material at RHA 15 – 22.

- (3) Mr. Anscombe exhibited to his first Witness Statement “success stories” advertised on the Applicant’s website (RHA 11). Several of these contained endorsements for MiniFrame products (SoftXpand) from representatives of UK undertakings, including Oriel Specialist Mathematics and Computing College, Craven Solutions, Autoworld UK and Hope Primary School. Although the copy website printout is dated 30 May 2011 (i.e., after the application date), copy email correspondence between the parties, dated July 2008, indicates that customer schools (Hope Primary School and Crich Carr School) were used in a case study of “*Success Stories from UK*” presented by the Opponent at a MiniFrame Partner Event hosted in Israel in 2009 (RHA 4).
- (4) Each of the four addenda to the 2007 Agreement in the period 2007 – 2009 (exhibited to the Witness Statement of Mr. Bryant-Rich) recorded that the Applicant was satisfied with the Opponent’s performance⁴ as a Certified MiniFrame Partner and wished to realise opportunities identified by the Opponent for the increased distribution of the Applicant’s products in the UK. Further, the Agreement and addenda provided for the purchase of, and payment for, many thousands of licences by the Opponent from the Applicant to enable the distribution of the MiniFrame SoftXpand product in the UK. It appears from the exhibited correspondence that two such payments were not honoured by the Opponent when falling due in 2010 and that at the time of these proceedings the Opponent had around 8,000 licences remaining in stock. However, it seems to me to be a fair assumption from the evidence that other licences were distributed and sold to UK end users.
37. Assessed overall, in my judgment the evidence sufficed to establish on the balance of probabilities UK goodwill in the MINIFRAME Software Package SoftXpand at the application date of the mark in suit.
- Who owned the UK goodwill?**
38. As I see it, the real issue in this case concerned the second question identified at paragraph 6 above. Who owned the UK goodwill in the MINIFRAME mark when the Application was made on 5 August 2010?
39. In the Statement of grounds of opposition, the Opponent claimed to have spent in excess of £150,000 in promoting the Applicant’s MiniFrame products and services in the UK and in excess of £300,000 on licences to enable the distribution and use of such products. The costs of promotion were put at around £200,000 in Mr. Anscombe’s first Witness Statement.
40. The Applicant did not seek to contradict these figures, but directed the tribunal to:
- (1) Clause 5.8 of the Authorized Dealer Agreement under which such promotional expenses were to be borne by the distributor; and
 - (2) Clause 7.1 of the Authorized Dealer Agreement whereby it was effectively agreed that all goodwill in the Applicant’s marks would accrue to/remain with the Applicant (Witness Statement of Mr. Bryant-Rich, paras. 1.1, 2.3).

⁴ Strictly, Kira.

41. On the other hand, the Opponent argues:
- (1) The Opponent, MiniFrame UK Limited, was established as a separate company and not as a subsidiary of Kira (accepted by the Hearing Officer, para. 22) with the consent of the Applicant.
 - (2) No new agreement was entered into by the Applicant with the Opponent.
 - (3) Kira transferred the goodwill generated up until the point of incorporation of MiniFrame UK Limited, to the Opponent.
 - (4) As I understood the implications of the Opponent's arguments, it follows that either: (a) the Authorized Dealer Agreement does not apply to the Opponent, who is entitled to the UK goodwill by virtue of the Opponent's promotional efforts/spend; or (b) the Applicant consented to use by the Opponent of the name MiniFrame UK Limited and thereby also to any goodwill in the UK belonging to the Opponent.
 - (5) Either way, the present Application to register MINIFRAME as a trade mark is an attempt by the Applicant to pass off the Opponent's goodwill and is tantamount to bad faith on the part of the Applicant.
42. The sometimes difficult question of who owns UK goodwill in cases involving foreign suppliers and their distributors is decided by the Court first, according to the parties' agreement or second, in the absence of such agreement, the particular surrounding circumstances (*Scandecor Development v. Scandecor Marketing* [1999] FSR 26).
43. In deciding that such UK goodwill in MINIFRAME as existed at the application date belonged to the Applicant, I have taken into account the above arguments and also (in no particular order):
- (1) The Authorized Dealer Agreement is governed by Israeli law (clause 17) and may be an English translation. Nevertheless, in my view, it is clear that the intent of the parties was that any goodwill in the MINIFRAME marks would accrue to and be owned by the Applicant unless agreed otherwise (clause 7).
 - (2) The evidence does not support the Opponent's contention that the Applicant instigated the incorporation of a new distribution company under the name MiniFrame UK Limited. The Second Addendum to the Agreement merely recorded that Kira was entitled to establish a distribution company to distribute the Applicant's products (para. 6). Further it stated that Kira had requested to use the name "MiniFrame UK" (para. 8).
 - (3) The copy email correspondence at RHA 4 and RHA 23 – 26, demonstrates that officers/employees within the Applicant were aware of the use by Roger and Sue Anscombe of "MiniFrame UK". So, for example", the subject line of the emails at RHA 4 was: "*MiniFrame UK Case Study*". I note, however, that the signature on such emails sent by Mr. Anscombe was: "*Roger Anscombe MD Kira Supplies Ltd*". Moreover, the emails at RHA 23 – 26 indicate that

that any consent by the Applicant to the use of “MiniFrame UK” was as a temporary measure subject to the approval of the Board of the Applicant, which on the evidence was not forthcoming. Certainly there is no evidence that the Applicant ever consented to a departure from clause 7 of the Authorized Dealer Agreement that goodwill in the MINIFRAME marks was to be owned by the Applicant.

- (4) Part of the promotional expenditure claimed by the Opponent was, as acknowledged by Mr. Anscombe, incurred in the name of Kira Supplies Limited.
- (5) Mr. Anscombe was a driving force behind both companies, Kira and the Opponent.
- (6) The evidence provides several examples of Roger Anscombe using the email address roger@kira.co.uk and Sue Anscombe sue@kira.co.uk when corresponding with the Applicant concerning MiniFrame UK and also the present proceedings.
- (7) The Applicant operates through the Applicant’s chosen distributors a global business in MiniFrame products as is obvious from the copy print outs of the Applicant’s web site supplied in the Opponent’s evidence. In the UK, the Opponent distributes only the Applicant’s products under and by reference to the MiniFrame name.
- (8) As the Opponent accepted in the Notice of opposition and statement of grounds: “*Miniframe UK Ltd only sells the products and services developed by Miniframe Ltd and the public are clear that they are buying a product of Miniframe Ltd. There is therefore no confusion about the origin of the product ...*”. In other words, there would be no misrepresentation were MINIFRAME to be registered and used in the UK by the Applicant in relation to the Applicant’s products.

44. Even if the provisions of the Authorized Dealer Agreement were not directly applicable to the Opponent (because no separate agreement was signed c.f. clause 8) my determination would remain the same. In view of the surrounding circumstances, any UK goodwill subsisting in MINIFRAME for the goods in suit at the application date belonged to the Applicant.

Section 3(6)

45. Since the Applicant was the owner of any relevant goodwill in MINIFRAME at the application date, there was no bad faith on the Applicant’s part in making the Application.

Conclusion

46. For the reasons stated above the appeal fails. The Hearing Officer’s decision that the Opponent had not shown that it had any goodwill in the mark in the UK stands. However, I have amplified the reasoning leading up to that conclusion.

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47. I should stress that these proceedings have involved only the trade mark registration aspects of the parties' relationship. The proceedings have otherwise not been concerned with the contractual arrangements between the parties and in particular the breakdown of those arrangements.
48. Since the Applicant took no part in this appeal, I make no order as to the costs of the appeal proceedings.

Professor Ruth Annand, 7 January 2013

Mr. Roger Anscombe appeared on behalf of the Opponent/Appellant

The Applicant/Respondent did not attend and was not represented