

IN THE MATTER OF Application No 2111279

By Nisaba Group Limited to register a trade mark

in Classes 9 & 42

AND

IN THE MATTER OF Opposition No 46684

by Media Logic Limited

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BACKGROUND

20 On the 26 September 1996, Nisaba Group Limited applied to register the trade mark MEDIA LOGIC in Classes 9 & 42 in respect of:

25 Computers, and electronic apparatus being peripheral equipment for use with computers; electronic apparatus for encoding, reading or verifying encoded cards or data carriers in the nature of cards; cards and data carriers in the nature of cards; electronic apparatus for the storage, handling, switching or transmission of video or of data; parts and fittings of all the aforesaid goods; software.

30 Consultancy services in the field of computer hardware, computer programming, or computer software; computer programming, computer software design and updating; provision of research and consultancy services in the field of computers, computer software, and information technology.

35 On 14 April 1997, Media Logic Limited filed notice of opposition to the registration of the trade mark. The grounds of opposition are, in summary, that:

1. The opponent has used the mark MEDIA LOGIC since at least January 1995 in respect of computer software and hardware;

2. Because of this use and a resulting reputation, registration of the trade mark would offend Section 5 of the Trade Marks Act 1994;

3. Registration should be refused in the exercise of the Registrar's discretion.

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The applicant responded denying that the opponent had the necessary standing to bring the opposition, criticising the lack of detail in the opponent's pleadings and claiming that the applicant had used the mark since January 1996. Both sides seek an award of costs.

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The matter came to be heard on 6 October 1998, when the applicant was represented by Mr M Silverleaf QC. Although the opponent had been represented by Hulse & Co, Trade Mark Agents, earlier in the proceedings, the opponent was represented at the hearing by Mrs H K Marsden, who is the Managing Director of Media Logic Limited, and her husband, Mr L R Marsden.

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The Registrar has no discretion to refuse an application which meets the requirements for registration set out in the Act. Consequently, the third ground of opposition cannot succeed and I need say no more about it. Mr Silverleaf indicated that he was not taking any point on whether the opponent had the necessary standing to bring the opposition. There is, therefore, no need for me to say anything more about that matter either.

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OPPONENT'S EVIDENCE

The opponent's evidence consists of a Statutory Declaration dated 11 August 1997 by Harriet Kennan Marsden. The following extracts from her declaration sum up the opponent's case:

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"I am Managing Director of MEDIA LOGIC LIMITED, and have held his position since incorporation on 25.10.96. The only other Directors are my son, Justin James MARSDEN and my daughter, Yvonne Carolyn EVISON, both of whom have been Directors since incorporation. There is now produced and shown to me marked

30 *"HKM.1" a copy of the Certificate of Incorporation of Media Logic Limited.*

The facts set out in this Declaration are either with my personal knowledge or have been ascertained from the records of Media Logic Limited to which I have full access by virtue of my position as Managing Director.

5 *I commenced trading, as a sole trader, as “Media Logic” in January 1995, selling computer hardware and software and offering an on-going maintenance agreement to customers, with other members of my family employed by me in the running of this business.*

10 *The assets of my previous trading style “Media Logic” were acquired by Media Logic Limited and Media Logic Limited simply continued the business and inherited the contacts and contracts that I had established before incorporation. The Opposition was filed by Media Logic Limited because, at that time, I considered, and still do, that Media Logic Limited owned the goodwill and hence the rights in MEDIA LOGIC as result of*
15 *my trading prior to incorporation.*

There is now produced and shown to me marked “HKM.2” a sample batch of 26 documents in support of the assertions made in paragraphs 1 and 2 above.”

20 Document 1 is a VAT registration certificate dated 18 January 1995 in the name of Mrs Marsden. The trade classification is “computer services”. Mrs Marsden is recorded as a sole trader. Document 2 is an undated sample warranty under the name Media Logic. Documents 3 to 10 are purchase invoices dated between January 1995 and November 1996. They are addressed to Mrs Marsden or members of her family and they show purchases of various computer hardware,
25 software and related goods (such as overhead projectors) during this period. The invoices are show that the Mrs Marsden was “trading as” Media Logic during this period. The 8 invoices record purchases of around £5k worth of goods during this period.

Documents 11-26 are sales invoices dated between February 1995 and July 1997. The last three
30 are in the name of Media Logic limited. The others are in the name of H.K. Marsden trading as Media Logic. Documents 23 to 26 are dated after the relevant date in these proceedings, which

is 26 September 1996. The others demonstrate that Mrs Marsden made at least 12 sales transactions under the trading style Media Logic before the date of the application. These invoices are addressed to 11 different companies. All bar two of these companies are in Yorkshire, mostly in Sheffield. Most of these invoices are for one or two pieces of hardware or software.

5 Only one of the sales invoices relates to the provision of a service (cabling) before the relevant date, and this was really part and parcel of an order for hardware. The total value of the goods and services identified is around £27k & VAT. Two of the invoices account for nearly £20k of this. None of the invoices in the relevant period indicate that the goods sold by Mrs Marsden under her trading style carried a Media Logic trade mark. A number of the invoices show that

10 some of the goods carried other people's marks such as Brother, Toshiba, Samtron & Panasonic. By contrast, an invoice dated 25 June 1997 (after the relevant date) is for the supply of one Media Logic personal computer. The last two invoices show that Media Logic Limited kept the same VAT number used by Mrs Marsden prior to the incorporation of her company.

15 Mrs Marden's declaration continues:

"As far as I am concerned the Mark and name MEDIA LOGIC is of paramount importance to the continued success and growth of our business, and, as we have never placed an advertisement of any kind, our success is based on familiarity of our customers

20 *with MEDIA LOGIC and their recommendation of our services and products to others and consequently we do not wish to be forced to abandon our use of MEDIA LOGIC by Nisaba Group."*

The opponent also filed two supporting Statutory Declarations from Michael George Johnstone

25 Bower and Jeremy Michael Berridge dated 12 August 1997 and 31 July 1997, respectively. Both work for companies whose names appear in the copies of sales invoices included in Mrs Marsden's evidence. Mr Bower says:

"I, on behalf of my Insurance Broking Company, first did work with Mrs H K Marsden in about March 1995, with a view to my buying computer hardware and software for the

30 *furtherance of my company's Insurance Broking business. Mrs Marsden operated under*

5 the trading style “Media Logic” from her home address of 68 Cardoness Road, Sheffield, and I was aware that other members of her family were involved with her business in various capacities. The early correspondence that I received, including invoices to my Company, refer to “ H K MARSDEN T/As MEDIA LOGIC”. I understand that Mrs Marsden’s invoice No. 95221 dated 9.9.96 to my Company, is to form an Exhibit to a Statutory Declaration of Mrs Marsden. The foot of this invoice carries the wording “title of the goods supplied remain with Media Logic until payment is received in full”. Hence, it was clear to me that I was dealing with “ MEDIA LOGIC”, operating from 68 Cardoness Road, Sheffield.

10 In more recent times I have noticed on correspondence that “H K MARSDEN T/As MEDIA LOGIC” has been replaced by “MEDIA LOGIC LIMITED”, still at the 68 Cardoness Road address. I find this change quite normal, for as business grow, a regular happening is the formation of a Limited Company usually at the suggestion of Accountants and/or Lawyers. Apart from incorporation, I have noticed no other change in my dealings with Media Logic. For instance, when I now telephone the answer is still “Media Logic” as it was before incorporation and I am dealing with the same personnel, from the same address.

20 Indeed, I and my Company’s staff, see “Media Logic” every day of the week for a Media Logic logo appears on my Company’s computers and Media Logic staff maintain our equipment. The use of MEDIA LOGIC on computer hardware or software by someone other than Mrs Marsden/Media Logic Limited, would lead to my confusion or uncertainty as to what relationship, if any, this other party had with Mrs Marsden and her Company.”

25 Mr Berridge gives similar evidence. The applicant did not file any evidence in reply.

30 DECISION

The opponent’s trade mark is not registered and there is no earlier application for registration.

Consequently, the only part of Section 5 of the Act which could provide a ground for refusal is Section 5(4)(a), which is as follows:

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

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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 the trade mark.

The only potential “earlier right” which the opponent has identified arises under the common law of passing off. Geoffrey Hobbs QC, acting as the ‘Appointed Person’, summed up the current law under Section 5(4)(a) of the Act in the WILD CHILD case (1998 14 RPC 455). He 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 Art.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] RPC 341 and Erven Warnik 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:

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(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

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(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

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(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.

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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.

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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;

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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

5 (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.

10 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:

15 (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;

20 (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

25 (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.

30 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."

The applicant's say that the opponent had not established any or sufficient goodwill or reputation

under the name Media Logic by the relevant date so that the use of that name by the applicant would have amounted to a misrepresentation likely to cause confusion or deception amongst a relevant class of persons. In support of this submission Mr Silverleaf drew my attention to the following:

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1) the opponent states that no advertising has taken place;

2) the opponent's evidence does not contain figures for sales or turnover under the Media Logic name or at all;

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3) there is no evidence that the goods sold by the opponent before the relevant date were sold under a Media Logic trade mark;

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4) the total number of sales invoices before the relevant date is only 12 and these all bore Mrs Marsden's name as well as her trading style.

As the opponent was represented by a Trade Mark Agent at the time the evidence was filed, Mr Silverleaf argued that - in the absence of turnover figures - it was to be presumed that the sales shown in the invoices represented the total business conducted by the opponent under the Media Logic name prior to the relevant date.

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At the hearing, Mr Marsden challenged this interpretation of the evidence. He stated that the sales invoices filed as evidence were only a sample of some 434 invoices issued prior to the filing of the application, accounting for some £406k turnover. Further, Mr Marsden claimed that, although the portable computers sold under the name Media Logic carried other people's trade marks, all the desktop computers sold by Mrs Marsden carried the Media Logic mark.

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Mr Silverleaf urged me to disregard the additional information. He quite rightly pointed out that the opponent had the opportunity of providing such information in their evidence, but had failed to do so. As a result of the limited nature of the opponent's evidence, the applicant had accepted advice that there was no need to file evidence in reply, which might otherwise have included

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details of their own use of the mark. Whilst I have some sympathy with the opponent, I believe that Mr Silverleaf is correct. The facts described to me at the hearing represent a significantly different case to that shown in the opponent's evidence. I must determine the opposition on the basis of the evidence before me.

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The evidence before me establishes that Mrs Marsden made 12 sales to 11 other traders under the trading style Media Logic over a 21 month period before the relevant date. The business was, and I understand still is, being carried on from Mrs Marsden's home address. There was no advertising. In these circumstances it is not self evident that the established sales are indicative of a larger business.

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Despite Mr Bower's evidence, I do not think it has been established that any of the goods sold *before the relevant date* (it is clear from one of the sales invoices that such badging did occur after the relevant date) actually carried a Media Logic trade mark. It is not essential for goods to carry a persons mark before a passing off right can be acquired. In relevant circumstances a trade name can provide a basis for a passing off action. However, particularly where the volume of established sales is very small it is, in my view, a relevant factor because:

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1) any goodwill and reputation generated by the basic properties of the goods provided would normally go mainly to the person whose brand they carried;

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2) the absence of a mark that travels with the goods would make it less likely that the opponent's reputation would extend much beyond the small number of customers identified;

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3) the fact that the trading style 'Media Logic' was not separated from Mrs Marsden and her name makes it less likely that use of the applicant's mark would deceive Mrs Marsden's customers.

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Mr Bower and Mr Berridge say that they would be confused if another party started using the mark Media Logic. I accept their evidence, although I think it likely that their views - quite

naturally - reflect the position at the time of their declarations, which may or may not have been the same at the relevant date. I do not think that their evidence can be regarded as representative of a “relevant class of persons.” The companies for whom Mr Bower and Mr Berridge work are among the 11 customers identified in the sales invoices referred to above. The need for a likelihood of confusion or deception amongst *a substantial number of persons* is made clear in a number of the reported cases, most recently by Morrit LJ in *Neutrogena Corporation & Another v Golden Limited & Another* (1996 RPC 473 at page 493).

Nevertheless, there have been cases where the plaintiff has succeeded on the basis of relatively slight use and where there have been no other factors which contributed towards the plaintiff's reputation. In *Chelsea Man Menswear Ltd v Chelsea Girl Ltd* (1987 RPC 189) the Court of Appeal upheld Whitford J's finding that the plaintiff had established a reputation under the mark Chelsea Man based upon the sale of just 58k items of clothing bearing that mark, which must be just a drop in the ocean when considered in relation to the size of the clothing market. Whitford J. rejected the defendant's submission that such use should be regarded as *de minimis*.

By contrast, I believe that the established use in this case is *de minimis*. I am not considering a case of infringement of an unregistered mark. There is no such right. Passing off requires the sign in question - even an inherently distinctive sign - to have come to signify the goods from a common source to a substantial number of persons. On the evidence, I do not believe that I can find that the opponent's mark had acquired a reputation amongst a relevant class of persons at the time of the application. And considering also the nature of the opponent's use of Media Logic it appears to me that, at most, only a tiny number of persons could have been confused by use of the opponent's mark in September 1996. I doubt whether any of these would actually have been deceived.

For the reasons I have given I have come to the view that, based on the evidence before me, Mrs Marsden was unlikely to have succeeded in a passing off action at the relevant date. The opposition under Section 5(4)(a) of the Act therefore fails.

For the sake of completeness, I record here that had I come to the opposite view, the fact that the

5 opposition has been mounted in the name of Media Logic Limited rather than Mrs Marsden
would not have made any difference. Media Logic Limited was not incorporated until after the
relevant date. However, I see nothing in Section 5(4)(a) of the Act which limits the right to bring
opposition proceedings to the proprietor of the earlier right. Thus if the opponent had been able
to satisfy me that their Managing Director, Mrs Marsden, was the proprietor of an earlier right
they would have succeeded.

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The opposition having failed the applicant is entitled to a contribution towards its costs. I order
the opponent to pay the applicant the sum of £535.

Dated this 6th Day of November 1998

Allan James

For the Registrar

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The Comptroller General