

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 2478624 BY ADVANCED PERIMETER SYSTEMS LIMITED TO REGISTER THE TRADE MARK MULTISYS IN CLASS 9 AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 97557 BY MULTISYS COMPUTERS LIMITED

AND THE CONSOLIDATED CASE IN THE MATTER OF APPLICATION NO. 2483892 BY KEYCORP LIMITED TO REGISTER THE TRADE MARK MULTISYS IN CLASSES 9 & 42 AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 98119 BY ADVANCED PERIMETER SYSTEMS LIMITED

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**DECISION**

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**Introduction**

1. This case involves cross-applications to register the trade mark MULTISYS by both sides. On one side is Multisys Computers Limited and its parent company Keycorp Ltd. (together Key) who have traded under the mark MULTISYS primarily in business administration hardware, software and related services since 1991. On the other side is Advanced Perimeter Systems Ltd (APS) which trades principally in specialist perimeter fence equipment, part of which involves computer (including software) control equipment. It has adopted the mark MULTISYS more recently for certain of its products.

**APS's application**

2. APS applied for UK trade mark registration first. On 1 February 2008, it filed an application to register MULTISYS in respect of the following goods in Class 9:

“Perimeter fence security control system comprising control hardware for monitoring and detection, control software for monitoring and detection; all for use with physical electrical fencing for land, buildings and physical premises.”

3. Following examination, the trade mark was accepted and published for opposition purposes on 11 April 2008. On 11 July 2008, the mark was opposed under s.5(4)(a) of the Trade Marks Act 1994 (the Act) by Multisys Computers Limited on the basis of its alleged earlier use, goodwill and reputation in the mark MULTISYS.

### **Key's application**

4. Shortly after APS's application, on 2 April 2008, Key filed an application to register MULTISYS in respect of the following goods and services:

In Class 9: Computer software, computers, computer hardware.

In Class 42: Computer programming, computer advisory, consultancy and design services, computer support, rental and hire of computer software.

5. The mark was examined, accepted and published on 25 July 2008. On 23 October 2008 it was opposed by APS on the basis that APS was the proprietor of trade mark 2478624 (i.e. APS's mark referred to above). The opposition alleged that the goods were identical to the Class 9 goods it had applied for and similar to the Class 42 services applied for. The mark was therefore said to offend against s.5(1) and s.5(2)(a) of the Act.

6. As Multisys Computers Limited is wholly owned by Keycorp Limited and the issues interlinked, the two cases were consolidated. The Hearing Officer rejected Key's s.5(4)(a) passing off attack on APS's application. In consequence, that mark was an earlier mark with which to attack Key's application. Having given Key an opportunity to amend its specification, which Key declined to take, he upheld APS's s.5(1) and s.5(2)(a) opposition to Key's application. Key appeals.

### **Issues on appeal**

7. There are two broad issues on this appeal.

8. First, Key contends that the Hearing Officer was wrong to hold that it had failed to make out a case under s.5(4)(a) of the Act. Stripped to essentials, Key's case is that the Hearing Officer adopted the wrong approach to evaluating the evidence of goodwill and the likelihood of misrepresentation, in part because he rejected evidence he was not entitled to reject. Key says that the decision he reached was against the

weight of the evidence and one to which no reasonable tribunal could have come. APS also says that the Hearing Officer got the date for assessing Key's goodwill wrong. In response, APS says that, even if it might have been better expressed, the Hearing Officer made no error of principle nor was clearly wrong as to either the assessment of Key's goodwill or the date upon which it fell to be determined.

9. Second, Key says that even if APS's mark is registered, it would not present an obstacle to registration of Key's mark for class 42 services under s.5(2)(a) of the Act. The argument here is that the Hearing Officer wrongly construed Key's specification of services and, properly construed, they were not similar to APS's goods. APS contends that the construction of Key's specification adopted by the Hearing Officer was right.

10. It is therefore necessary to deal with the s.5(1)(a) attack on APS's mark first.

#### **I. Key's challenge to APS's mark - section 5(4)(a)**

11. Section 5(4)(a) of the Act provides:

“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...”

12. Section 5(4) is based on Article 4(4) of the Trade Marks Directive (Council Directive 89/104). This is in similar terms to those of Article 8(4) of the CTM Regulation (Council Regulation 40/94) which provides (as amended):

“4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member States governing that sign...

...

(b) That sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.”

13. The principles applicable to such a case are well-established. In *WILD CHILD* [1998] RPC 455, Geoffrey Hobbs QC, the Appointed Person, approved a passage

from Halsbury's Laws of England, 4<sup>th</sup> edn, setting out the essential elements of the tort of passing off:

“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 plaintiffs 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 goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered to is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.”

14. The burden of proving these elements lies on the opponent.

#### **Evaluation of evidence of goodwill**

15. The Hearing Officer applied the guidance in *WILD CHILD*. He also referred to *South Cone Inc. v. Bessant (REEF)* [2002] EWCA Civ 763, [2003] RPC 5 at [27] where Pumfrey J drew attention to the relative stringency of the requirements of a s.5(4)(a) objection. He said at [27] that for such a case:

“...the Registrar is entitled to be presented with evidence which at least raise a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods.”

16. In *Minimax GmbH & Co. KG v. Chubb Fire Ltd. (Minimax)* [2008] EWHC 1960, Floyd J acknowledged the assistance of the *REEF* guidance but said that there were no absolute requirements as to the nature of the evidence needed. He said at [8]:

“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.”

17. Key does not dispute the correctness of these principles or criticise the Hearing Officer for applying them. Instead, relying on the decision of Richard Arnold QC, Appointed Person, in *Pan World Brands v. Tripp (Pan World)* [2008] RPC 2, Key submits that if evidence is given about goodwill which is not obviously

incredible and is unchallenged by countervailing evidence or by cross-examination, it is not open to the Hearing Officer to reject it. Key refers to Tribunal Practice Note TPN 5/2007 which is to similar effect. Key submits that this is the position here and that the Hearing Officer was therefore wrong to have concluded that Key's goodwill was insufficient to found a s.5(4)(a) attack. It is therefore necessary first to consider what *Pan World* was and was not saying.

18. In *Pan World*, the Appointed Person said that, although documentary records of use were not required, mere assertion of use of a mark by a witness did not constitute evidence sufficient to defeat an application for revocation for non-use (see [31]). He did not regard a tribunal evaluating the evidence as bound to accept everything said by a witness without analysing what it amounts to. He pointed out at [37] that Hearing Officers were entitled to assess evidence critically and referred to the observations of Wilberforce J in *NODOZ Trade Mark* [1962] RPC 1 at 7:

“...in a case where one single act is relied on it does seem to me that that single act ought to be established by, if not conclusive proof, at any rate overwhelmingly convincing proof. It seems to me that the fewer the acts relied on the more solidly ought they to be established.”

19. *Pan World* and *NODOZ* were applications for revocation for non-use. The approach to use is not the same as in a s.5(4)(a) case. As Floyd J said in *Minimax*, it is possible for a party to have made no real use of a mark for a period of five years but to retain goodwill sufficient to support a passing off action. Conversely, use sufficient to prevent revocation for non-use may be insufficient to found a case of passing off.

20. However, the approach to evaluation of evidence of use is similar: the less extensive the evidence of use relied on, the more solid it must be. The Registrar is not obliged to accept - and in some circumstances may be obliged to reject - a conclusory assertion by a witness that it has a given goodwill at the relevant date or that the use by a third party of a similar mark would amount to misrepresentation, when the material relied upon in support does not bear that out.

21. That point was also made by Laddie J in *DIXY FRIED CHICKEN TM* [2003] EWHC 2902 (Ch) and, more recently, in *Williams and Williams v. Canaries*

*Seaschool SLU (CLUB SAIL)* [2010] RPC 32, Geoffrey Hobbs QC, Appointed Person, said at [38]:

“...it is not obligatory to regard the written evidence of any particular witness as sufficient, in the absence of cross-examination, to establish the fact or matter (s)he was seeking to establish.”

22. Overall, the adequacy of evidence falls to be assessed by reference to the Lord Mansfield’s aphorism from *Blatch v. Archer* (1774) 1 Cowp 63 at 65, cited, inter alia by Lord Bingham in *Fairchild v. Glenhaven Financial Services Ltd* [2002] UKHL 22 [2203] 1 AC 32 and in *CLUB SAIL*:

“...all evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted.”

### **Nature of evidence required to establish goodwill**

23. The kind and level of activity required to generate sufficient goodwill for a passing off claim is not always easy to determine. The prevailing view is that at least some actual customers are required. In *Hotel Cipriani v Cipriani (Grosvenor Street) Ltd* [2010] EWCA Civ 110, [2010] Bus LR 1465, [2010] RPC 16, the Court of Appeal (per Lloyd LJ at [106]) said of the *Budweiser* case (*Anheuser-Busch v Budejovicky Budvar* [1984] FSR 413 (CA)):

“It seems to me that, given the agreement between Oliver and Dillon LJJ, the case is authority for the proposition that an undertaking which seeks to establish goodwill in relation to a mark for goods cannot do so, however great may be the reputation of his mark in the UK, unless it has customers among the general public in the UK for those products. To that extent the case is binding on us.”

24. In some cases prior to *Budweiser*, the courts were not especially fussy, at least at the interlocutory stage, about the requirement that there should be pre-existing customers: see *BBC v. Talbot* [1981] FSR 228. That is partly explicable on the basis that those cases involved undertakings with some substantial business and significant pre-trade reputation. In *Hotel Cipriani* itself, the Court of Appeal suggested that the strictness of the *Budweiser* requirement for customers may need to be reviewed in an appropriate case. Indeed, an unsuccessful attempt has been made recently to call that approach into question in the context of a s.5(4)(a) case: *Plentyoffish Media Inc. v Plenty More Llp* [2011] EWHC 2568 (Ch) (11 October 2011) where HH Judge Birss QC said he was bound by *Hotel Cipriani*. Whatever the merits of that argument that

there must be actual customers, it is harder to show that very small-scale use has established significant goodwill, even where there are customers. An attempt to demonstrate goodwill based on an isolated quotation, unconsummated by sale is almost bound to fail.

25. In the light of the way in which Key developed the argument based on its intentions to expand its business, it should be borne in mind that it is not sufficient for an opponent to rely on an intention to trade in a particular field in the future: *Teleworks Ltd v. Telework Group plc* [2002] RPC 27.

26. Finally, because it is said that the Hearing Officer reached an unreasonable conclusion on the evidence, it is useful to consider examples of previous cases in which different High Court judges have held claims to goodwill to be insufficient. Three illustrations suffice of approaches which cannot seriously be criticised as unreasonable.

(a) In *Hart v. Relentless Records Ltd* [2002] EWHC 1984 (Ch); [2003] FSR 36, Jacob J drew attention to the distinction between a common law trade mark and a right in passing off and said:

“In my view the law of passing off does not protect a goodwill of trivial extent....one is looking for more than minimal reputation.”

The name “Relentless” as denoting the claimant had only been exposed to a few hundred semi-amateur DJs. Jacob J described this as a “miniscule” reputation.

(b) In *Knight v. Beyond Properties Pty Ltd & Ors* [2007] EWHC 1251 (Ch) (24 May 2007) David Richards J found the remaining goodwill in “Mythbusters” to be insufficient to support a passing off case at the relevant date. He said:

“A reputation on a relatively small scale will still attract the protection of a claim in passing off, but at some point the reputation may exist among such a small group of people that it will not do so. The minimum size of goodwill required for this purpose is a matter of fact and degree. A claim in passing off cannot be sustained to protect

goodwill which any reasonable person would consider to be trivial:  
*Sutherland v V2 Music Ltd* [2002] EMLR 568 at para 22 per Laddie J.”

- (c) In *Minimax*, Floyd J, reversing the Hearing Officer, held that there was insufficient residual reputation in the mark “Minimax” at the relevant date for a passing off action to succeed and that, apart from evidence user until the 1980s, the extent of use thereafter was either “unclear or entirely trivial”.

### **Evaluation of evidence of misrepresentation**

27. As with the evaluation of goodwill, whether there is likely to be a misrepresentation as a result of the notional use of the mark applied for requires the decision maker to take a number of factors into account. Halsbury’s Laws, cited in *WILD CHILD* says:

“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.”

28. The more limited the reputation on the part of the undertaking asserting the potential claim in passing off under s.5(4)(a), the less likely that it will be able to show that a misrepresentation would be made by the use of a similar mark by a third party. Moreover, it has been repeatedly stated that passing off requires that a substantial number of members of the relevant public are likely to be deceived by the use complained of. In *Reckitt & Colman Products Ltd. v. Borden Inc. (Jif Lemon)* [1990] RPC 341 at 407, Lord Oliver said that the question on the issue of confusion was:

“...is it on the balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants’ [product] in the belief that it is the respondents’ product?”



29. Such a finding requires a firm evidential foundation. *Jif Lemon* was decided against the background of clear evidence that the crucial point of reference for a shopper who wished to purchase a Jif squeezey lemon was the lemon shape itself and that many customers would purchase the defendant's products in the belief that they were obtaining the well known Jif brand. Even though it is not necessary to show that the majority of the relevant population would be confused, the odd one or two is unlikely to add up to enough.

30. In *Neutrogena Corporation v. Golden Ltd (Neutrogena)* [1996] RPC 473, Jacob J, describing the perspective of the first instance tribunal attempting to form a view in the absence of satisfactory evidence, said at 482:

“...if the judge's own opinion is that the case is marginal, one where he cannot be sure whether there is a likelihood of sufficient deception, the case will fail in the absence of enough evidence of the likelihood of deception. But if that opinion of the judge is supplemented by such evidence then it will succeed.”

31. That approach was implicitly approved by the Court of Appeal in upholding his judgment (see 496) although Morritt LJ particularly emphasised the need for a “substantial number” of members of the public, questioning Jacob J's language in the use of the terms “more than de minimis” and “above a trivial level”.

32. Morritt LJ also drew attention to the observations of Lord Diplock in *GE Trade Mark (GE)* [1973] RPC 297 at 321: where the goods are sold to the general public for consumption or domestic use, courts are entitled to give effect to their own opinions on the likelihood of deception or confusion. *Neutrogena* was about personal washing products and those remarks are particularly apposite to a case of that kind. However, in a case such as the present, which concerns control equipment for complex industrial-scale installations, Lord Diplock's earlier observations in *GE* should be borne in mind. He said:

“...where goods are of a kind which are not normally sold to the general public for consumption or domestic use but are sold in a specialised market consisting of persons engaged in a particular trade, evidence of persons accustomed to dealing in that market as to the likelihood of deception or confusion is essential. A judge, though he must use his common sense in assessing the credibility and probative value of that evidence is not entitled to supplement any deficiency in evidence of this kind by giving effect to his own

subjective view as to whether or not he himself would be likely to be deceived or confused.”

33. There are, therefore, cases in which it may be unsafe for a tribunal to conclude that there would be passing off, in the absence of adequate evidence to inform it as to how goods or services are purchased and sold. *GE* serves as a reminder of the need to adduce evidence of that kind in a s.5(4)(a) case or risk putting the Registrar into a position where he cannot find for the opponent for want of evidence.

34. In short, determining whether there is sufficient goodwill and a likelihood of substantial misrepresentation involves a critical, but not mechanical, approach to the evaluation of the evidence as a whole. So long as the principles outlined above are borne in mind, it will be difficult to fault a Hearing Officer’s assessment. In particular a Hearing Officer is not bound to accept what is said about goodwill, without question, even if it is not answered or the subject of cross-examination.

#### **Date for assessment of goodwill**

35. Key’s next point challenges the Hearing Officer’s approach to determining the relevant date for assessing its goodwill. It was said that there was an error of principle. But as the argument developed, it appeared to me to resolve into a purely factual issue, raising no such issue. However, the context in which it arises is a dispute over whether a date prior to the application date for the mark in issue is relevant and if so how to determine what that date is. It is also right to provide somewhat greater explanation for why I consider that the Hearing Officer’s overall approach was correct, in the light of the authorities to which my attention was drawn on this issue.

36. The starting point is that s.5(4)(a) requires the Registrar to consider whether notional fair use of the mark applied for in respect of the goods or services in question would be liable to be prevented: *Compass Publishing BV v. Compass Logistics Ltd* [2004] EWHC 520 (Ch) at [51] “... what has to be considered is notional fair use of the new mark...without disclaimers”.

37. As to date, in general under the Act, whether or not a relative ground for opposition to registration of a trade mark exists must be judged at the date of

application of that mark or its earlier priority date if there is one. That is specifically the case for a s.5(4)(a) challenge: see, for example *WILD CHILD* (“...was liable to be prevented at the date of application”); *Minimax* (“...at least in the first instance, the date of application”). Section 5(4)(a) implements Article 4(4)(b) of the Trade Marks Directive (Council Directive 89/104/EEC) and there is nothing in the Directive which suggests a different date.

38. Cases before the General Court have also held that the equivalent provisions of the CTM Regulation require that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the filing date: see *Last Minute Network Ltd v. OHIM (Last Minute)* T-114/07 & T-115/07 [2009] ECR II-1919 at [51]; *Tresplains Investments v. OHIM (Tresplains)* T-303/08 [2011] ETMR 44 at [99]. In *Last Minute*, the General Court whether or not a mark is liable to be prevented is a matter for national law, whether under the Act or under the equivalent provisions of the CTM Regulation. Thus, at [49] of the judgment, it said:

“...the Board of Appeal must take into consideration both the national legislation applicable by virtue of the reference made by that provision and the judicial decisions delivered in the Member State concerned.”

39. In *Last Minute*, the General Court also 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.”

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011]

ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there

was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”

44. In the specific context of s.5(4)(a), the relevant date will be that of first use of the applicant’s mark for the goods or services in question. In *Barnsley Brewery*, Robert Walker J said that, at the earlier of the rival dates, a quia timet action by the plaintiff would probably have failed as premature given, among other things, the uncertain nature of the defendant’s intentions. Implicit in that approach was that in some passing off cases it may not even be necessary for there to be actual use of a mark to fix the date for assessment of goodwill: a sufficiently tangible threat to use the mark may suffice.

45. Although there was a faint attempt in Key’s skeleton argument to argue that, as a result of the way the case had been pleaded, it was not open to the Hearing Officer to take account of any date other than the application date, Key did not press the suggestion that the Hearing Officer was obliged to ignore the use by APS before that date or to assess Key’s goodwill only at that date. It follows that the dispute on this aspect boils down to a narrow question as to which of two dates before the application date, September 2006 or May 2007, is the one to use for assessing Key’s goodwill.

**Date for assessment of goodwill - facts**

46. I deal with the date for assessment of goodwill first.

47. The Hearing Officer said this:

“33) In their evidence APS claims to have first used its mark in September 2006, prior to the application being submitted on 1 February 2008. KEY did not challenge this date in their evidence, and in any event it is clear from exhibit AM2 that this was the date of first use by APS. For their part KEY claims to have been using its mark since 1991. I have to determine who is the senior user, or if there had been common law acquiescence and take into account the comments in *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.”

48. By “senior user”, the Hearing Officer must have been referring to the undertaking which had used the mark first in relation to the specific goods for which the mark was proposed to be registered since it was plain that Key had used the mark MULTISYS in respect of its goods and services well before APS.

49. The evidence about the first date of use of MULTISYS by APS was not very solid. Mr Moon’s initial statement for APS said that the mark was coined in September 2006. However, his later statement says that it was first coined *and used* in September 2006. This evidence is not inherently incredible, supported as it is by a contemporary document (a September 2006 price list) whose authenticity has not been challenged. However, it is unclear what is meant by “used”: use could have been purely internal or *de minimis* and/or insufficiently settled even to satisfy the *Barnsley Brewery* requirements. In addition, Key says that the September 2006 price list differs from a later 2007 Trade Price List and points out that the trade launch only took place in 2007, making it unlikely that a price list would have been circulated earlier. The weakness of the evidence is compounded by the fact that it is given by a technical person, not someone concerned in marketing.

50. Key’s criticisms of this evidence have considerable force. In my judgment, it would have been open to the Hearing Officer to have said that September 2006 date as the first date of actual or threatened use was insufficiently substantiated. However, the *REEF* approach to appellate modesty requires me to consider not whether it would have been open to the Hearing Officer to have reached a different conclusion but whether the Hearing Officer was wrong to reach the conclusion he did. In my judgment, his view was within the range of available responses to the evidence. In particular, in the light of the *Barnsley Brewery* approach, is not unreasonable to

consider that a passing off claim brought by Key would not have been struck out as premature in September 2006.

### **Key's goodwill at September 2006**

51. By September 2006, Key had been in business supplying business administration software, hardware and related services for a considerable time and on a reasonable scale. Its brochure exhibited in evidence states that Multisys Computers are “behind better businesses” and states that “Multisys can provide you with all your hardware needs...and provide software covering every aspect from sales to invoicing, stocktaking to production and full accounting from sales and purchase ledgers through to nominal ledger and trial balance”. A substantial part of Key's business is in the supply of Legerdemain business administration software. The evidence makes clear that the reference to “security” is to secure environments for operation of the software through computers coupled into networks both internally and externally and that its products relate to ensuring security of transactions and communications. Key's evidence, recorded by the Hearing Officer, shows substantial sales and marketing activity in this field dating back to 1991. It is, however, not possible to tell from the evidence how Key's turnover breaks down into supply of different types of hardware and software and whether, for example, the bulk of it relates to Legerdemain systems.

52. The Hearing Officer summarised the evidence and said of Key's use for such goods and services:

“35) This statement also includes a quote for CCTV cameras dated September 2006, but there is no corroboration of the earlier work referred to and the description provided is less than clear as to precisely what was provided by KEY. Similarly, the turnover and promotion figures are imprecise, lacking detail as to the currency, geographical limitations or details of the goods and services to which they relate. It appears that KEY provide computer hardware and software but do not wish to limit what field they provide these in. I do not place any weight upon the quotation provided by Mr Hurst as it is dated the same month as the first use by APS and it is an isolated instance of use beyond accounting.”

53. Key submits that the Hearing Officer was wrong to conclude that Key's goodwill at the relevant date was limited to “accountancy” software. That term is not used in the evidence and it is a somewhat narrow description of what is more fairly

described as business administration hardware and software. But the term was used by Key's representative himself and it stuck. Although Key's evidence says that it has traded in computer and internet based security equipment and services including information and transaction production, its focus is plainly business administration software and related services. Security was only concerned with computer security.

54. Key also criticises the Hearing Officer's observations that the turnover and promotion figures for Key's business are imprecise, lacking detail as to the currency, geographical limitations or details of the goods and services to which they relate. The Hearing Officer was, in my view, somewhat over-critical of the absence of specificity of currency but he was entitled to take into account the absence of any clear indication as to the level of trade in the UK and the details of the particular goods or services for which the mark had been used. In any event, he made no error of principle.

55. The Hearing Officer summarised the position as follows:

"41) The reputation that KEY has established is very weak. Even if I assumed that all of its turnover was in accountancy software, and it is not, then its reputation would be regarded as no more than average. KEY is a small software house, which specialises in accountancy or back office software."

56. I am unable to detect any error in this evaluation.

### **Misrepresentation**

57. As to whether there would be a misrepresentation, the Hearing Officer said (at para. 41):

"It is accepted by both parties that the trade marks are identical. The average consumer for both parties goods and services would be businesses rather than the general public, although I accept there will be the odd exception. To my mind the average consumer would not assume a link between an accounts software provider and the hardware and software required for monitoring and detecting perimeter fencing. Whilst the computer software industry may use terminology that refers to fencing, all its clients are aware that protecting against viruses and hacking is completely different to the actual physical security of the building in which the computers are housed."

58. The Hearing Officer accepted that as at the relevant date of September 2006, Key had shown that it had goodwill in the provision of software in relation to accounting (Decision, para. 37). He considered the authorities, in particular *Harrods* and *Neutrogena*. The Hearing Officer considered the right factors. He was entitled to



hold that, even an extensive reputation in relation to Key's goods and services would not mean that there was a misrepresentation resulting from use in respect of the particular specialist goods for which APS has applied for registration. Again, there is no error of principle. To the contrary, the Hearing Officer was, to my mind, clearly right.

**Key's goodwill by May 2007**

59. Given my conclusion that the Hearing Officer was entitled to hold that September 2006 was the right date, it is not strictly necessary to consider the position at any later date. However, I am not persuaded that the date for assessment of goodwill in this case makes any difference. Key contends that it should be assessed at May 2007, when APS launched its product at a trade show. There was evidence that in September 2006, Key tendered for the supply of, *inter alia*, CCTV and CCTV control equipment. A copy of the written quotation was exhibited. The Hearing Officer gave this evidence no real weight because it was after the relevant date and an isolated instance (see above). Key criticises both these reasons but, in my judgment, the Hearing Officer was right.

60. First, the quotation is from September 2006 and is therefore not clearly before the September 2006 relevant date. However, even assuming that the relevant date is May 2007 this use does not show that Key had expanded its goodwill beyond business administration equipment, software and related services to a significant extent. Laddie J said in *Compass* at [58] that a "reputation generated among a very few people will not do"; the Hearing Officer in this case had ample basis for holding that a single quotation would not do here. Accordingly, I am not persuaded that Key had sufficient goodwill to maintain a case of passing off even at the later date.

61. This case is therefore very different on the facts from *Scholl's TM Application (CHIC FEET) O/199/06*, to which I was referred by Key's counsel. In that case, the evidence of goodwill was stronger than and the Hearing Officer's approach in evaluating it was wrong.

## **Conclusion**

62. The Hearing Officer adopted the correct approach to the s.5(4)(a) issue. His conclusions were reasonable in the light of the evidence, both as to the relevant date for assessment of Key's goodwill and as to whether Key had proved that use of the mark applied for was liable to be prevented at the date of application.

## **II. APS's challenge to Key's mark – s.5(2)(b)**

63. The second issue is whether the Hearing Officer's approach to the evaluation of similarity of goods and services was correct. He referred to the usual authorities concerning a s.5(2)(b) evaluation (*Sabel, Canon, Lloyd, Marca Mode* and *Medion*) as well as recent the summaries of the principles in *Aligator TM* [2011] RPC 5 and *Och Ziff* [2010] EWHC 2599; [2011] FSR 11. He concluded:

“60) To my mind the services of “Computer programming, computer advisory, consultancy and design services, computer support, rental and hire of computer software” must all include aspects of work that are indispensable for the goods of APS. I accept that these are very broad descriptions and would encompass a huge range of services, however it is sufficient if part of the service overlaps with that of the earlier mark. I therefore regard these services as complementary to the goods of APS.

61) Considering the matter globally and taking account of the fact that the marks in this case are identical I believe that there is a likelihood that the average consumer would believe that responsibility for all the Class 42 sought to be registered would lie with APS and so the opposition under the ground of Section 5(2)(a) succeeds in respect of these services.”

64. It is said on behalf of Key that the Hearing Officer wrongly construed the scope of the class 42 registration and that he ought to have treated the specification as implicitly limited to the kind of services provided by an IT contractor.

65. In my judgment, the Hearing Officer's approach to construction was correct. Specifications are not to be given an unduly wide construction: *Avnet v. Isoact* [1998] FSR 16. However, Key has applied to register MULTISYS in class 42 for any kind of computer programming, computer advisory and design services. Those include, among many others, services provided for or in connection with the kinds of goods which are the subject of APS's registration. In the absence of any offer to limit the specification, the Hearing Officer was entitled to conclude that it was broad, as

Laddie J did with a specification for “computer programs” in *Mercury Communications Ltd. v. Mercury Interactive (UK) Ltd (Mercury)* [1995] RSR 850.

66. In those circumstances, there was sufficient similarity in respect of part of the specification for the mark to be unregistrable as a whole. Indispensability for the earlier proprietor’s goods alone does not suffice to make services similar but the Hearing Officer also considered the more important question of whether responsibility for the services sought to be registered would be thought by the average consumer to lie with the proprietor of the earlier mark. His conclusion was not unreasonable.

### **Partial validity**

67. Paragraph 5 of Key’s grounds of appeal is as follows:

“Further and in the alternative, the Hearing Officer’s finding that the services under KEY’s class 42 registration were such as to create the likelihood of confusion with the goods offered under APS’s class 9 registration was wrong and/or that no reasonable Hearing Officer could have reached. In particular, the Hearing Officer wrongly construed the scope of the class 42 registration. Further and in the alternative such findings were inconsistent with his earlier findings that the goods and services of the parties would not be linked in the mind of the average consumer.”

68. Key did not thereby squarely raise an alternative argument that the Hearing Officer should have held that there was a likelihood of confusion only in respect of those specific services within Key’s broad specification which would be thought to come from the same source as those of APS’s narrow specification. Key’s argument in paragraph 5 of the Grounds of Appeal and paragraphs 36-38 of its skeleton argument before me was based “in particular” on the contention that its specification should be more narrowly construed, an argument I have rejected. Key’s reluctance to put forward any specific alternative specification for consideration is consistent with it declining to offer any proposal for limiting its specification before the Hearing Officer.

69. At the hearing, however, Key’s counsel suggested (at Transcript, p40) that it was open to me to make a decision in respect of more limited services. No argument was advanced in the notice of appeal, skeleton argument, or even at the hearing as to how Key’s specification could or should be narrowed. Counsel for APS resisted any

attempt to approach the specification in a more limited way because it had not been raised before and would potentially require APS's case to be recast (see (Transcript, p63).

70. Arguments that a Hearing Officer adopted an unduly comprehensive approach to the assessment of likelihood of confusion over a wide range of goods are regularly advanced. A recent example is *ROJA DOVE TM* O-016-10, where Iain Purvis QC, the Appointed Person, criticised the Hearing Officer's blanket approach to confusion for all of the goods and services in question. In that case, it was one of the central issues on the appeal. The Appointed Person, reversing the Hearing Officer, held that the opposition should be rejected for certain goods and services within the wide specification which the Hearing Officer had held to be more broadly objectionable.

71. However, in other cases, the point may only emerge during oral argument before the Hearing Officer or on appeal. This creates potential difficulties, as illustrated by the pair of decisions of Richard Arnold QC, the Appointed Person, in *m.d.e.m TM* O-135-05 and O-333-05. In that case, a suggestion from the Appointed Person at the hearing that the attack may only affect certain services was adopted by the applicant. The Appointed Person went on to decide that the mark was registrable for certain services. The opponent attempted to have the decision reconsidered, contending that it had been procedurally unfair to permit the applicant to advance what might be called a "fall-back" position in that way. The Appointed Person rejected that submission on the facts, partly because the opponent had not objected earlier to the matter being determined in that way. There is, nonetheless, as APS's counsel submits, potential for unfairness to the proprietor of an earlier mark if it is faced with a moving target at a late stage.

72. I have therefore considered whether it would be right to consider a fall-back position at all.

### **Arguments against considering a fall-back position**

73. There are several arguments for refusing to entertain a fall-back position at this stage. Among them are the following.

74. First, there is the general point that, in opposition proceedings, if an applicant wishes to contend that a narrower specification is allowable, it can and should say so in good time. There is no reason why APS could not have advanced such a case even given doubts as to the possibility of taking conditional positions. That is one purpose of the pleadings. No fall-back position has been formulated, even now and the matter was hardly touched upon even at the hearing.

75. Second, appeals to the Appointed Person are intended to provide a quick and cheap review of the Registrar's decisions. Grounds of appeal should be full and complete: *COFFEEMIX TM* [1998] RPC 717 and Tribunal Practice Note . Where a point is not squarely taken even on appeal, a proprietor of an earlier right is entitled to assume that it will not emerge later in argument.

76. Third, there is a trend in favour of “put up in time, or shut up” as regards fall-back positions in patent cases (see *Nokia GmbH v IPCOM GmbH & Co KG* [2011] EWCA Civ 6; [2011] FSR 15, per Jacob LJ in the context of late amendments at [138]-[139]). The position should be no different in trade mark proceedings.

77. Fourth, whether goods are sufficiently similar in a specialist field may require evidence (see *GE*). If such evidence is required, it would be unjust to permit the point to be run for the first time only on appeal.

78. Fifth, Key declined the chance to limit its specification before the Hearing Officer and should not be able to get away from that position by inviting a more generous assessment on appeal. This is partly because of the importance of ensuring that all matters arising in an opposition may be considered at least at two instances: first, by a specialist Hearing Officer and then, on review, by the Appointed Person or the court.

79. Finally, there may be no immediately obvious fall-back position, having regard to *POSTKANTOOR* Case C-363/99 [2004] ETMR 57 or an alternative specification, if still broad, may be open to other objections, such as want of intention to use across the scope. In particular, it would be wrong for particularly an appellate tribunal to approve a more limited specification when even that went far broader than

anything that even might be the applicant business, having regard to the public policy in avoiding clogs on the register by unused marks: see *Minerva TM* [2000] FSR 734: per Jacob J (“commercially nonsense to maintain the registration for all goods caused by the wide words”). This is a case which has been necessitated substantially by Key’s unjustified attempt to obtain broad protection for the term MULTISYS based on narrow and limited trade.

### **Arguments in favour of considering a fall-back position**

80. There are, however, countervailing arguments in this case. Among them are these.

81. First, it is at least for question whether the average consumer would believe that responsibility for “all” the Class 42 services sought to be registered would lie with APS (cf. the Decision, para. 61). There may be a narrower class of goods for which this would not be the case. In *Mercury*, Laddie J said that the defining characteristic of a piece of computer software was the function it performs. There is therefore an argument that use of a mark for business administration software may not result in the average consumer thinking that it came from an undertaking using the mark for computer control systems for electrical fencing. To that extent, a more limited specification may have merit. In addition, it might be argued that, as with s.47(5) of the Act, this tribunal should only allow an opposition to the extent that it is justified but not more: see Article 13 of the Trade Marks Directive.

82. Second, viewed generously, the first sentence of Key’s grounds of appeal on this issue could be interpreted as being sufficiently broad to raise the issue of whether the Hearing Officer’s evaluation of the similarities was correct overall, and not limited to the construction point, even if in questionable compliance with the *COFFEEMIX* requirements in this respect. Key extended an invitation, albeit briefly, to consider the point at the hearing and the omission of any reference to the point in skeleton argument does not mean I should not do so.

83. Third, as Richard Arnold QC said in *m.d.e.m.*, the procedural position with patent amendment is of limited analogical value for trade mark oppositions and the situation in such cases is more like that of a partially valid patent, where amendments

are permissible in certain circumstances. Of greater relevance in this context than the “put up in time or shut up” principle are the considerations adumbrated by Mann J in *Giorgio Armani SpA v Sunrich Clothing Ltd* [2010] EWHC 2939 (Ch) and Geoffrey Hobbs QC, Appointed Person in *CITYBOND TM* [2007] RPC 13. These are directed to reaching a fair result in opposition proceedings overall.

84. Fourth, there may be no material prejudice to APS in considering the matter for the first time on appeal. Although it was said on behalf of APS that there might be a need for evidence, it takes persuasion that additional material is needed to address the simple question of (for example) whether services related to business administration computers and software are sufficiently different from the highly specific goods of APS’s specification for it to be unlikely that an average consumer would think that they came from the same source if each were branded “MULTISYS”. That is particularly so, given APS’s stance on the passing off case. This is not a case in which Key has sought unreasonably broad protection; it is only protecting its entitlement to continue and expand its business under its long-used mark against a registration by APS which would potentially affect its ability to do so.

85. Finally, previous decisions of the Appointed Person have adopted a flexible approach to advancing fall-back specifications even on appeal: see, for example, *SVM Asset Management’s TM* O-043-05 at [10] and [21]; *Land Securities plc’s TM Application* O-339-04 at [23].

### **Consequences**

86. Doubtless, there are other arguments on both sides. The procedural position is therefore imperfect. Moreover, the *m.d.e.m* case illustrates the risk of a wasteful subsequent collateral dispute as a result of either considering or refusing to consider the issue at this stage. Unlike in *m.d.e.m* where there was, at least, the advantage of extensive discussion of the issue at the hearing, the possibility of a more limited specification was only fleetingly addressed by the parties in the s.5(2)(a) argument which itself was treated by the parties as something of a coda to Key’s s.5(4)(a) case. The arguments outlined in the previous two paragraphs were not developed by either side and few of the potentially relevant authorities were deployed.

87. It is necessary to cut through to what really matters. As indicated above, I have no doubt that some of the services within Key's broad specification are objectionable, if the specification is taken as it is found. It is less clear that all are. In these circumstances, it is preferable to give the parties an opportunity to make brief further written submissions on whether consideration of a narrower specification is appropriate at this stage and, if so, whether there is such a specification which would not be open to objection under s.5(2)(a) of the Act, in the light of APS's earlier registration.

88. APS rightly submits that Key's software and services are far removed from those the subject of its registration. There no serious prospect of these parties stepping on each other's commercial toes. It may be that opportunity for discussion between the parties in the light of this decision would assist in devising a class 42 specification which was reasonably satisfactory for Key and unobjectionable for APS. In taking the unusual course of inviting further submissions, with cost implications, I take into account that the parties are both represented by counsel, which is an indication of the importance of the case to them. Moreover, this is an issue which should on Key's side have been properly articulated, with reference to all the relevant authorities on substance and procedure in the skeleton argument before the hearing, given Key's apparent invitation at the hearing to consider a narrower specification. It therefore only requires work to be done which, given Key's position, should have been done sooner. Finally, it seems appropriate to provide the parties with an opportunity to comment and, if necessary, add to the arguments set out above in favour of and against consideration of the issue before reaching a final decision.

### **Overall conclusion**

89. Key's s.5(4)(a) appeal relating to APS's application No. 2478624 will be dismissed.

90. Unless a more limited class 42 specification for Key's mark can be devised which is clearly not objectionable, the Hearing Officer's decision refusing the mark in its entirety will stand. However, I will defer a final decision on Key's s.5(2)(a) appeal relating to the class 42 services, pending the supply of sequential written submissions in accordance with the following timetable:



- (a) First, from Key no later than **4.00pm on 30 November 2011** as to (i) whether Key wishes to have a narrower specification of its mark considered and if so, (ii) what it is, (iii) why it is not open to any objection and (iv) why it would be fair to have it considered at this stage;
- (b) Second, from APS no later than **4.00pm on 7 December 2011** as to (i) whether it would be fair to permit consideration of a narrower specification at this stage and (ii) comments on any proposed specification by Key.

### **Costs**

91. I will defer the question of costs until finally resolving the s.5(2)(a) appeal.

DANIEL ALEXADNER QC

Appointed Person

16 November 2011

### **Representation**

Mr Richard Davis instructed by Hepworth Browne for Key

Mr Simon Malynicz instructed by Marks & Clerk LLP for APS