

TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2251653
BY ETRIBES LIMITED
TO REGISTER THE TRADE MARK
ETRIBES
IN CLASSES 35, 38 & 42

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NUMBER 80259
BY HELEN WILKINSON

TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 2251653
BY ETRIBES LIMITED
TO REGISTER THE TRADE MARK
ETTRIBES
IN CLASSES 35, 38 & 42

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NUMBER 80259
BY HELEN WILKINSON

BACKGROUND

1) On 8 November 2000, etribes Limited of 22 Old Steine, Brighton, BN1 1EL applied under the Trade Marks Act 1994 for registration of the trade mark **etribes** in respect of the following services:

In Class 35: **A**Consultancy, advice and assistance in the field of business management; business information services.@

In Class 38: **A**Telecommunication of information (including web pages), computer programs and other data; electronic mail services; providing user access to computer networks; information relating to any of the aforesaid services.@

In Class 42: **A**Computer programming; design, development, installation and maintenance of computer software; design, drawing and commissioned writing, all for the compilation of web pages; creating and maintaining web sites; hosting the web sites of others; information relating to any of the aforesaid services.@

2) On 10 October 2001 Helen Wilkinson filed notice of opposition to the application, which was subsequently amended. The amended grounds of opposition are in summary:

i) The name eTribes was jointly generated for a business plan prepared by Helen Wilkinson and Simon Grice as Directors of eTribes Limited a joint venture company created in December 1999 with a subsequent name change to eTribes.com Limited in February 2000. Simon Grice, without the knowledge or authorisation of Helen Wilkinson changed the name of the company eTribes.com Limited to EATA Limited in August 2000. Mr Grice then set up eTribes Limited trading under the same name and in the same area of business as the original company eTribes.com Ltd.

ii) The name **A**etribes@ was generated as part of a brainstorming session in November 1999 and was applied to the business plan and other relevant documentation from January 2000. An article for the New Statesman in Autumn 1999 and a book published in Spring 2000 connected the opponent, a known social entrepreneur working in the non-profit sector, with the joint venture. The opponent claims that she and the applicant had signed a non-disclosure agreement (NDA) and confidentiality agreement which protected either side from the other exploiting their intellectual property and ideas without written

authority. The opponent claims that this authority was not given and so the application should be refused under Section 3(6) as it was made in bad faith, and under Section 5(4) as consumers may associate the opponent with use of the mark in suit.

3) The applicant subsequently filed a counterstatement denying all of the grounds of opposition.

4) Both sides ask for an award of costs. Both sides filed evidence in these proceedings and the matter came to be heard on 3 December 2003 when the opponent represented herself. The applicant was represented by Ms Howe a non-executive Director of the applicant company.

OPPONENT'S EVIDENCE

5) The opponent, Ms Wilkinson, filed a witness statement, dated 1 November 2002. Ms Wilkinson claimed that she, along with Mr Grice are the joint proprietors of eTribes Ltd of the trading name eTribes and its trademark. She states that the name, AeTribes®, was jointly generated for a business plan prepared by the opponent and Mr Grice as directors of eTribe Ltd a company formed in December 1999. The name of this company was changed in Spring 2000 to AeTribes.com Limited®. The company name was changed again in August 2000 to EATA Limited. The opponent states that she was not informed about the last name change. Similarly, she claimed that she was not informed about the formation of a new company, in May 2000, called eTribes Limited trading under the same name, trade mark and in the same area of business.

6) The opponent claims that in setting up this new company Mr Grice was in breach of his duties to eTribes.com Ltd, and also in breach of the non-disclosure agreement signed by Mr Grice and the opponent. The opponent states that attempts to raise funds for the business plan of etribes.com Ltd ceased in April 2000 partly due to a breakdown in the relationship between Mr Grice and herself.

7) The opponent states that the name AeTribes® was jointly generated by Mr Grice and the opponent and is owned by EATA Ltd. She states that at no point were the rights to the name assigned to the applicant company. The opponent also claims that:

AMoreover, the AeTribes®trademark, proposition and founding reputation was first cited and published in national media by Helen Wilkinson as co-founder and director of eTribes.com Limited and PRIOR to the existence of eTribes Ltd.®

8) The opponent also provides a number of exhibits. The relevant aspects of these are summarised below:

Exhibit 1: Consists of various memos and meeting notes. Clearly the name AeTribe® was discussed and decided upon as the name for the company. A domain name AeTribes.com® was identified as being for sale and the notes state that Mr Grice would purchase this with his own money.

Exhibit 2: This contains a draft business plan produced by eTribe Limited. promoting its AelancerXchange.com®business. Also a business plan outlining the plans for etribes.com Limited. The etribes plan states that they intended to provide entrepreneurs with strong

community service ideas with the resources and guidance needed to bring their plans to fruition.

Exhibit 3: This contains a letter from Mr Grice to Ms Wilkinson referring to a non-disclosure agreement in relation to Ajellybabe.com and the draft agreement. Also included is a non-disclosure agreement, dated 17 October 1999, between bucketandspade Limited and Ms Wilkinson. This is signed by Ms Wilkinson as **AFounder Director** and Ms Alex McKie whose position is given as **AAgent Provocateur**. In an attached copy from an internet page Awiredsussex an article states that Alex McKie joined Etribes Limited as a Director of Consulting. The article appears to have been written in 2000 as it states **Atribes limited was founded in May of this year by Simon Grice**.

Exhibit 4: This consists of a series of e-mails and letters regarding the breakdown of the business relationship and attempts to resolve outstanding issues. It is clear that Ms Wilkinson wished to promote the **Aelancer** idea whilst Mr Grice favoured the **Atribes** vision. In an e-mail to Mr Grice dated 29 March 2000 Ms Wilkinson suggests that she continues with elancer whilst Mr Grice continues with etribes with each having an equity in the others business. In another minute, dated 7 April 2000, Ms Wilkinson states that **AThus any and all expenditures you might have made, any and all loss of earnings you say you might have suffered, have been entirely on your own account and entirely at your own risk. I am in an identical situation**. Later correspondence shows that attempts were made to resolve the situation, but without success.

Exhibit 5: This consists of various letters between the two parties including letters from solicitors. Included is a letter from Ms Wilkinson's solicitor, Collins Long, dated 2 March 2001. This sets out a number of concepts that Ms Wilkinson claims to have initiated and which were the subject of a non-disclosure agreement. At paragraph 7 it states:

A7. At no point were any of Ms Wilkinson's concepts (or the work product of the joint venture between Ms Wilkinson and Mr Grice) conferred on eTribes.com Limited. Accordingly, you are correct to state that eTribes.com Limited never engaged in any trade or business. Not least because eTribes.com Limited was effectively a legal shell until financing was secured.

Exhibit 7: This contains an article in the New Statesman, dated 22 November 1999, a book review from Management Today, dated March 2000, and a book entitled **AFamily Business** all written or edited by Ms Wilkinson and which identify her as being a co-founder of eTribe, **Aan Internet start up dedicated to nurturing online communities**.

APPLICANT'S EVIDENCE

9) The applicant filed a witness statement, dated 31 January 2003, by Luke Brynley-Jones, the Managing Director of the applicant company. He states that Mr Grice first came across the word **Ae-tribes** in June 1999 and thought that it would be a good name for a company. At exhibit 1 is an article from the European Journal of Management dated 1999, where the term e-tribes is mentioned.

10) Mr Brynley-Jones states that in October 1999 Bucketandspade Limited, a company formed by Mr Grice signed a non-disclosure agreement with Ms Wilkinson, a copy is provided at exhibit 2. The document is signed by Mr Grice in his capacity as Secretary of Bucketandspade Limited. He also states that following a meeting between Mr Grice and Ms Wilkinson in November that year it was decided to form a company, etribe Limited with both parties as Directors. At exhibit 3 Mr Jones provides what he describes as Aminutes@ of the November meeting. This is the same memo from Mr Grice to Ms Wilkinson as was filed by the opponent. It shows that a number of names were considered, etribe/s being amongst them, but not who originated the names or any of the ideas.

11) Mr Jones states that during the period November 1999 to March 2000 Helen Wilkinson indicated her directorship of etribe Limited in the footnotes to her articles. He also claims that ANeither Helen Wilkinson or etribe Limited traded in any way whatsoever using the mark etribes@

12) Mr Jones claims that Ms Wilkinson was informed of the shareholders meeting which decided to change the name of etribes.com Limited to EATA Limited, and at exhibit 4 he provides a copy of a letter sent to Ms Wilkinson on 2 July 2000, regarding the meeting on 11 August 2000.

13) Mr Jones states that Ms Wilkinson has never traded as a representative of etribes Limited and that the company has never received any enquiries as a result of her activities. He also provides details of activities of the applicant company after the relevant date. This includes at exhibit 9 a copy of a business plan. This states that the aim of the company is to create online communities for voluntary and commercial organisations. It illustrates this by citing a travel agency which set up a community for travellers to exchange information about holidays, recommending holiday deals and also providing the travel company with the opportunity to deal with any negative comments.

OPPONENT'S EVIDENCE IN REPLY

14) A second witness statement, dated 5 July 2003, was filed by Ms Wilkinson. In her statement she denies that Mr Grice first came across the name Ae-tribes@ in June 1999, although she acknowledges that Mr Grice's claim can neither be proved or disproved. She claims that the evidence shows that the trading name and trading ideas were developed between the two parties and was subject to a non-disclosure agreement. It is contended that this is the basis for the claim to prior rights in the mark in suit.

15) With regard to the issue of bad faith, Ms Wilkinson states that the letter regarding the meeting to determine the change of name of the original company was never sent to her. She claims that Mr Grice and the company he formed shortly afterwards have acted in bad faith and Ahas deliberately exploited the intellectual capital and the Aetribes@trade mark without even seeking my express written permission to do so or renumrating me accordingly@

16) Ms Wilkinson states that she has never traded as a representative of etribes Limited. However, she claims that she was a director of a company called etribes.com Limited which worked on the development of a set of marketable ideas for goods and services, prepared a business plan, market tested it and sought finance capital to grow the business. She states that the Afirst named etribes.com Limited did not market itself extensively because both directors could not agree on

routes forward for the company. She does however emphasise her own standing and the coverage achieved as a result for the fledgling company.

17) That concludes my review of the evidence. I now turn to the decision.

DECISION

18) I turn first to the ground of opposition under Section 5(4)(a) & (b) which states:

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 to the trade mark.

19) In deciding whether the mark in question attributes offends against Section 5(4)(a), I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] 14 RPC 455. In that decision Mr Hobbs stated that:

The question raised by the Grounds of Opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the Applicant from those of other undertakings (see Section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see 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 *Even 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:

- (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading

or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

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

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

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

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

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

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

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

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc.

complained of and collateral factors; and

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

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

20) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. It is clear from Article 4(4)(b) that the earlier right had to have been acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed....® The relevant date is therefore 8 November 2000, the date of the application.

21) To succeed under this ground the opponent must show that it enjoyed goodwill at the relevant date. In *The Law of Passing Off* by Wadlow (*Wadlows*; paragraph 2.25; 2nd Edition) it is defined thus: A Goodwill is created by trading, and very slight activities have been held to suffice®. There are cases where actions for passing off have been successful where the claimant has not commenced trading in the market place. Two such cases are *The British Broadcasting Corporation v Talbot Motor Company Ltd* [1981] F.S.R. 228 and *W.H. Allen & Co. V Brown Watson Limited* [1965] R.P.C. 191.

22) It was common ground at the hearing that the opponent was a co-founder and director of etribes Limited which became etribes.com. Limited which then became EATA Limited. It was also common ground that this company never traded. Further, it is clear from the evidence that the opponent was identified in various publications as being one of the founders of this company.

23) The question I must consider is whether the opponent can, by dint of the above, claim to have goodwill in the mark Aetribes®. The evidence shows that Ms Wilkinson was identified as a co-founder in what was described as Aan Internet start up dedicated to nurturing online communities® in two articles and a book. Ms Wilkinson also claims that potential partners and investors had been contacted and so were aware of her involvement with the company.

24) In my view the opponent has not shown that goodwill existed in the mark etribes at the relevant date. In the authorities stated above where goodwill was held to exist despite a lack of trading the successful party showed that the relevant public were aware of the mark in question and associated it with them. In this case there is simply no evidence that the relevant public were aware of the activities of the fledgling company. The ground of opposition under Section 5(4)(a) therefore fails.

25) I now turn to the ground of opposition under Section 5(4)(b). This is based upon the non-disclosure agreement (NDA) which the opponent contends Aprotected each from the other exploiting their ideas without their express written permission®. A copy of the NDA was filed by the opponent and also by the applicant. The agreement is between the opponent and a company

called Abucketandspade Limited@ and signed on behalf of the Limited Company by its Secretary, Mr Grice. Clearly the party to this agreement and the applicant in the instant case are different legal entities. Even if this were not the case the evidence is not clear as to who first evoked the name Aetribes@. The applicant has filed evidence that the mark in suit was a term used in a printed publication in June 1999. Therefore, the term was in the public domain prior to the NDA and could not be considered to be covered by this agreement. Nor could it, in the absence of any use, reputation, goodwill or registration, be considered the property of the original etribe Limited now known as EATA Limited. The opposition based on Section 5(4)(b) therefore fails.

26) I now turn to the ground of opposition based upon Section 3(6) which reads:

A3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.@

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

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

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

28) The Directive gives no more clue as to the meaning of A bad faith@ than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

AI shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.@

29) In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as A..to be equated with conscious impropriety@. This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law. He added:

AIn most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others=property..... The individual is expected to attain the standard which would be observed by an honest person in those circumstances. It is

impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is guilty of commercially unacceptable conduct in the particular context involved. see *Cowan de Groot Properties Ltd v Eagle Trust Plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others' rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct.

30) Thus dishonest behaviour is characterised by intention and/or recklessness. Such conduct would clearly be bad faith. It is also obvious, however, from the *Gromax* judgement, that bad faith also describes business dealings which, though not actually dishonest, still fall short of the standards of acceptable commercial behaviour. This includes conduct that is not knowingly fraudulent or illegal, but may be regarded as unacceptable or less than moral in a particular business context and on a particular set of facts. In *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person said:

I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn Bhd v Phillip Tan* [1995] 2 AC 378 (PC) at page 389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.

31) I also take into account the comments of Mr Simon Thorley Q.C. acting as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] RPC 24 at paragraph 31 where he said:

An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v Associated Newspapers* [1970] 2 Q.B. 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1877-78) L.R. 7Ch.D 473 at 489). In my judgement precisely the same considerations apply to an allegation of lack of good faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference.

32) The relevant facts before me are as follows:

- \$ The name etribes was used in an article in June 1999 which discussed the formation of virtual communities and how to target these groups.
- \$ An NDA between the opponent and Mr Grice, in his capacity as Secretary, of bucketandspade Limited, was entered into in October 1999.

- \$ In December 1999 a Limited company was formed called etribes Limited with Mr Grice and Ms Wilkinson as the Directors.
- \$ Mr Grice purchased, apparently with his own money, a domain name eTribes.com. The company in ASpring 2000@then changed its name eTribes.com Limited.
- \$ Following a breakdown in the relationship between Mr Grice and Ms Wilkinson attempts to finance the business eTribes.com Limited ceased in April 2000 with the company never having traded.
- \$ In August 2000 eTribes.com Limited held an EGM where Mr Grice, the sole attendee, decided to change the name of the company to EATA Limited.
- \$ A copy of a letter, dated some six weeks prior to the meeting, addressed to Ms Wilkinson inviting her to the meeting and setting out the meeting's purpose was filed by the applicant. The opponent denies receiving this letter.
- \$ The applicant wrote its business plan in Autumn 2000, and began marketing in February 2001.

33) The fact that the NDA was between Ms Wilkinson and a Limited company would not be enough to prevent a finding of bad faith against Mr Grice if the other evidence were convincing. However, the applicant has shown in evidence that, prior to the signing of the NDA, Mr Grice had seen the term Aetribes@used in a published article. Ms Wilkinson's claim to be the originator of the term is, therefore, doubtful. It is also common ground that the company now called EATA Ltd never traded, and that by April 2000 both parties had effectively given up attempts to finance its start up. It would appear that they wished to go in different directions and so both took steps to begin their own projects.

34) It would also appear that the domain name eTribes.com was purchased by Mr Grice with his own money, albeit with the intention of it being used by the company owned by him and Ms Wilkinson. When the two directors went their separate ways it appears that, having paid for it, this domain name remained in Mr Grice's ownership. As eTribes.com Limited never traded, had no money and clearly no future, Mr Grice held an EGM and changed the name of the company. A copy of the letter addressed to Ms Wilkinson has been filed and the change of name of the company appears to have been carried out lawfully. There is no evidence that the domain name was ever owned by the company now known as EATA Ltd, nor that it had ever traded. Therefore, I do not accept the opponent's contention that Mr Grice was in breach of his duties to the original company.

35) I also note that when comparing the business plan of the original Aetribes@to that of the applicant it appears that the applicant is targeting a different market to that envisaged by the original company.

36)) Taking all of the above into consideration I have come to the conclusion that neither Mr Simon Grice nor etribes Limited was acting in bad faith when applying for the trade mark. The ground of opposition under Section 3(6) fails.

37) The opposition having failed the applicant is entitled to a contribution towards costs. As the two parties represented themselves at the hearing I have reduced the costs awarded for this aspect of the case. I therefore order the opponent, Ms Wilkinson, to pay the applicant the sum of , 1,000. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 25th day of March 2004

George W Salthouse
For the Registrar-
The Comptroller General