

# O-094-16

## TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 2652006  
IN THE NAME OF VISIONCALL LIMITED**

**AND IN THE MATTER OF INVALIDATION No. 500223 THEREOF  
BY VISIONCARE AT HOME LIMITED**

**AND IN THE MATTER OF APPLICATION No. 3032938  
IN THE NAME OF VISIONCARE AT HOME LIMITED**

**AND IN THE MATTER OF OPPOSITION No. 401972  
BY VISIONCALL LIMITED**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE APPLICANT FOR INVALIDITY/APPLICANT  
AGAINST DECISIONS OF MR GW SALTHOUSE DATED 4 JUNE 2015**

---

## DECISION

---

### **Background**

1. This is an appeal against decisions of Mr. GW Salthouse, acting for the Registrar, dated 4 June 2015 and issued under number BL O/256/15.
2. Those decisions were:
  - (1) Invalidation application number 500223 brought by Vision Care At Home Limited against Registration number 2652006 in the name of Visioncall Limited failed in its entirety, which meant that Registration number 2652006 validly remained on the register.
  - (2) Opposition number 401972 brought by Visioncall Limited on the basis of Registration number 2652006 against Application number 3032938 in the name of Vision Care At Home Limited partially succeeded.
  - (3) Application number 3032938 was permitted to proceed to registration but only in respect of a reduced specification by reason of (2).
  - (4) Visioncall Limited as the overall successful party was entitled to a contribution towards its costs of the proceedings in the sum of £2,300, to be paid by Vision Care At Home Limited as specified by Mr. Salthouse.
3. The time line for the proceedings was as follows.

4. On 29 November 2013, Vision Care At Home Limited applied under number 3032938 to register the sign represented below for use as a trade mark in the UK in respect of various goods and services in Classes 6, 9, 10, 16, 17, 20, 25, 28, 35, 37, 38, 40, 41, 42, 44 and 45:



5. The application was published for opposition purposes in the Trade Marks Journal on 10 January 2014.
6. In the meantime, on 2 December 2013, Vision Care At Home Limited applied for a declaration of invalidity of Registration number 2652006 in the name of Visioncall Limited under Sections 47(2) and 5(4)(a), and Sections 47(1) and 3(6) of the Trade Marks Act 1994.
7. Registration number 2652006 was filed by Visioncall Limited on 12 February 2013 and registered on 19 July 2013 for the word mark EYE D in relation to goods and services in Classes 9, 16, 35, 40, 41, 42, 44, and 45.
8. On 9 April 2014, Visioncall Limited filed Notice of opposition against Application number 3032938 under Section 5(2)(b), 5(3) and 5(4)(a) and Section 3(6) of the Act. The grounds of opposition under Section 5(2)(b) and 5(3) were based on Visioncall Limited's Registration number 2652006 for EYE D.
9. Both sides filed evidence and written submissions but since neither party requested a hearing, the Hearing Officer decided the case on the basis of the papers before him.
10. In his decision (BL O/256/15, 4 June 2015) the Hearing Officer referred to Visioncall Limited as "VL", and Vision Care At Home Limited as "VCH", and I shall do the same.
11. On 2 July 2015, VCH filed Notice of appeal to the Appointed Person under Section 76 of the Act against the Hearing Officer's decision. VL filed a Respondent's notice on 24 August 2015.
12. At the hearing before me, VCH was represented by Mr. Quentin Cregan of Counsel instructed by Cloch Solicitors. Mr. Jamie Watt of Harper Macleod LLP appeared for VL.
13. I think it is fair to say at this stage that the parties are competitors in the healthcare industry, and the field of dispute is eye care passports or reports primarily aimed at

care homes for the elderly for the assistance of staff in identifying the correct glasses to be worn by those being cared for.

### **Grounds of appeal**

14. The appeal was against the Hearing Officer's refusal of the application to declare Registration number 2652006 invalid, although if successful this would have obvious repercussions for the opposition to Application number 3032938.

### **Section 3(6)**

15. The first ground of appeal was against the Hearing Officer's rejection of the Section 3(6) ground of invalidation. VCH's Reasons for appeal stated:

“The hearing officer concludes (under s3(6)) “In my opinion, VL had the right to file the application for a mark created by an employee of a wholly owned subsidiary company” (para. 45). The hearing officer lifted the corporate veil. The hearing officer had no power to do so ... Separately, even if the hearing officer did have the power to so decide, there was no evidence to support him doing so. Separately, even if there was evidence in support, the lifting of the corporate veil was not expressly requested by the Owner/Opponent. The Cancellation Applicant/Applicant was thus denied their right of reply. As submitted in proceedings, if the Owner/Opponent's (VL) evidence supports usage at all (which is denied), it is usage by a third party (CEC [sic - CEL]), not the Owner/Opponent (VL).”

16. Towards the end of the Reasons, it was further stated:

“Separately, the hearing officer determined (under s3(6)) “... ownership [of the Owner/Opponent's EYE D mark] ... is not an issue for this Tribunal (para. 45) ...”

17. However, it was not made clear whether exception (if any) was being taken to those words of the hearing officer in connection with his determination under Section 3(6) or Section 5(4)(a), although the ensuing text of the Reasons suggested the latter.
18. Mr. Cregan did not address the ground of appeal under Section 3(6), either in person or in his skeleton argument. He confirmed that VCH did not abandon that ground but I should decide it on the basis of argument contained in a document supplied to me by his instructing solicitors 2 days before the appeal hearing. This document was referred to in the covering letter as “Skeleton Arguments” but was entitled “Statement of Grounds of Appeal for the Appellant”. I informed the parties that in so far as this document contained additional grounds, I would not consider them. This was also true in relation to the “Further Submissions of the Appellant” supplied by Mr. Cregan (with permission) 1 day before the appeal hearing<sup>1</sup>.

---

<sup>1</sup> There was no application to amend the grounds of appeal, which would have been too late by this stage in any event.

### **VL's EYE D mark**

19. The evidence before the Hearing Officer on how VL came up with the EYE D mark was contained in the Witness Statements of Brian McGuire, dated 15 July 2014, and Mary Macconnachie, dated 3 July 2014.
20. Mr. McGuire stated that he was a director and shareholder of VL, which was incorporated on 9 December 2004. The Visioncall business had been started in 1994 and provided home eye tests and eye care services to those who could not attend their local optician. At the time of his witness statement, they looked after 120,000 patients per year and had 14 Visioncall branches throughout the UK.
21. Mr. McGuire stated that the EYE D mark was devised at an event entitled "Voice of the Customer" held by VL at a Strathclyde hotel in February 2012, and attended by around 19 customers and staff. The meeting discussed difficulties in understanding eye care documents, and ensuring that care home staff, patients and their families chose the correct glasses to be worn by patients for specific activities. The meeting decided to introduce a new service to address those problems and split up into small groups to devise a name for it. A group led by Mary Macconnachie put forward the EYE D mark which was adopted by the meeting.
22. Mr. McGuire went on to record that he created the initial drafts of the EYE D report in February 2012 – May 2012, following which a firm of graphic designers were commissioned to create an artistic layout for the report, completed in August 2013 and exhibited at BM3. I note that the dummy report has "Eye-D" in large letters on the top left, with "visioncall" in slightly smaller letters opposite top right.
23. Mr. McGuire then gave an account of how the EYE D service and report was marketed to customer care homes and groups of nursing homes and care homes like the Priory Group in the period May 2012 – October 2012. The marketing was carried out through the CEO, Martin Gallagher, and regional sales managers of Community Eyecare (UK) Limited, trading as Visioncall ("CEL"). Mr. McGuire explained that he was a director of CEL, which was a wholly owned subsidiary of VL. Mr. McGuire exhibited presentation slides and email correspondence in support of these marketing activities. It is striking that all the exhibited marketing material and emails (internal and external) promoting the EYE D service and report are clearly marked as emanating from Visioncall, with the email addresses of Martin Gallagher and various sales managers concerned being shown as [x@vision-call.co.uk](mailto:x@vision-call.co.uk), and the website address as [www.visioncall.co.uk](http://www.visioncall.co.uk). Mr. McGuire stated that VL had licensed CEL to use VL's trade marks including the EYE D brand with goodwill accruing to VL (I return to Mr. McGuire's statement and the trade mark licence between VL and CEL below in connection with the ground of appeal under Section 5(4)(a)).
24. These marketing activities (and manners of presentation) were confirmed in the Witness Statements and supporting Exhibits of Gillian Hepworth and Carol Taylor, business development managers of CEL, dated 16 July 2014 and 11 July 2014 respectively.
25. Ms. Macconnachie stated that she was an employee of CEL and Personal Assistant to the directors of VL. She described attending the "Voice of the Customer" event, discussing in plenary session the introduction of a new eye care report and attempting

to find a name for the product in small groups. She came up with EYE D being a play on words concerning the identification or “ID” of which spectacles to wear for specific activities. Her group presented the EYE D name to the other delegates and it was adopted. Ms. Macconnachie also stated that in June 2012 she attended and made notes at a meeting where Martin Gallagher briefed a staff member to present *inter alia* the EYE D report to the Barchester Group of care homes. She exhibited a copy of a presentation of the EYE D report, which she said was given by Martin Gallagher to the H-One network of care homes in August 2012.

**Conclusion on the Section 3(6) ground of appeal**

26. I consider that the Hearing Officer was entitled in the circumstances described above, to determine that there was no impropriety on the part of VL in applying for registration in VL’s name of the EYE D trade mark, which had been put forward by Ms. Macconnachie and her group<sup>2</sup>. Further, I do not consider that in saying that “ownership ... is not an issue for this Tribunal” the Hearing Officer intended to lay down any legal rule applicable to this invalidation or more generally. It appears from his concluding observations on Section 3(6) that he may have been alluding to the fact that this point was not pleaded in the original grounds for invalidity and there had been no application by VCH to amend its pleadings.
27. In my judgment the Section 3(6) ground of appeal fails.

**Section 5(4)(a)**

28. The second ground of appeal was against the Hearing Officer’s rejection of the invalidation pursuant to Sections 47(2)/5(4)(a) of the Act. The Hearing Officer’s reasoning was, in brief, that VL had established prior goodwill in VL’s EYE D mark as from June 2012, whereas VCH’s goodwill in VCH’s EYE D figurative mark only began to accrue from its launch at the Glasgow trade fair in November 2012.
29. The argument on appeal was that any goodwill in VL’s EYE D mark belonged to its user CEL and not VL and, therefore, as between VL and VCH, VCH was the earlier user.
30. The Reasons for appeal stated:

“... As submitted in proceedings, if the Owner/Opponent’s (VL) evidence supports usage at all (which is denied), it is usage by a third party (CEC [sic – CEL]), not the Owner/Opponent (VL).

It was also submitted by the Cancellation Applicant/Applicant in the proceedings, that the Owner/Opponent (VL) cannot claim to have used its EYE D mark because it is a non-trading holding company. There was no actual revenue or expenditure reported in connection with the EYE D brand and therefore no goodwill. The hearing officer misjudged the opposition’s first hurdle under s5(4)(a). Further, and separately, the Owner/Opponent’s claim to goodwill was exclusively derived via a backdated licence agreement. The Cancellation Applicant/Applicant explicitly challenged such licence on

---

<sup>2</sup> There was rightly no challenge to the Hearing Officer having directed himself as to the relevant legal principles by reference to the judgment of Arnold J. in *Red Bull Limited v. Sun Mark Limited* [2012] EWHC 1929 (Ch), paras. 130 – 138.

legal grounds including construction, validity and effectiveness. These arguments were not considered by the hearing officer. They should have been. They are absolutely key to the Owner/Opponent's claim to accrual of goodwill thereunder.

Separately, the hearing officer determined (under s3(6)) "... ownership [of the Owner/Opponent's EYE D mark] ... is not an issue for this Tribunal" (para. 45). Without self-generated goodwill or contractually generated goodwill, ownership was an issue to be decided under s5(4)(a) as any party other than the Owner/Opponent could rightly challenge (and claim) ownership of any goodwill which the hearing officer found to have existed (which is challenged) either prior to the Cancellation Applicant/Applicant's own goodwill, or remained in existence and sufficiently enforceable against the Cancellation Applicant/Applicant at the relevant date".

31. Mr. Cregan relied on the following passage in the Court of Appeal judgment in *Scandecor Development v. Scandecor Marketing* [1999] FSR 26:

"There is no rule of law or presumption of fact that the goodwill generated by the trading activities of a wholly owned subsidiary company belongs to the parent company or is the subject of an implied, if not an express licence, licence in favour of the subsidiary. It may happen, as observed by Oliver L.J. in *Habib Bank Ltd v. Habib Bank AG Zurich* ..., that the goodwill in a mark is "shared" in the sense that an internationally known business based abroad, which establishes a branch in this country as part of that international organisation, does not cease to be entitled to its existing goodwill because there is also goodwill in the local branch. In that situation it would be correct to assert that the international organisation retains its existing 'international' goodwill and that the newly created branch or subsidiary company has a local goodwill in the business carried on by it in this country, at the very least for the purpose of protecting it against injury by third parties".

32. Mr. Watt pointed out (and I accept) that the facts of *Scandecor* were entirely different, with former subsidiaries of an international group splitting off into separate ownership, but continuing to use the SCANDECOR mark. On the other hand, CEL was a wholly owned subsidiary of VL. Visioncall operated as an integrated group with officers and personnel in common.
33. In this regard, the observations made by Lord Nicholls in *Scandecor* [2001] UKHL 21 are pertinent. Lord Nicholls remarked that business practices had moved on and trade mark laws had needed to accommodate them. The primary function of a mark was to guarantee to the consumer that products bearing the mark originated under the control of a single undertaking responsible for their quality. The consumer was comfortable with marks being used under licence including in the context of parent and subsidiary. An important consideration in deciding whether they formed one undertaking was the extent to which they collaborated, or acted in concert in matters concerning product quality (and see Case C-9/93, *IHT Internationale Heiztechnik GmbH v. Ideal-Standard GmbH* [1994] ECR I-2789). In my view, it was clear from the evidence that VL and CEL presented themselves to consumers as a single undertaking – Visioncall – which undertaking had control over and was responsible for the quality of

Visioncall services including the EYE D service and report. There was no room for consumer deception, with the benefit of consumer goodwill being attributable to the Visioncall group.

34. I also note Lord Nicholls' comment that in such matters, the tribunal should look to business realities and not confine itself to a narrow legalistic view.

**Audited accounts**

35. Mr. Cregan took me to copies of the audited accounts of VL and CEL (using the 2013 set of accounts as a representative example), which had been exhibited in VCH's evidence to the 3rd Witness Statement of Philip Hannay, VCH's solicitor, dated 29 October 2014 (VCH/PH/22 and VCH/PH/23).
36. Mr. Cregan said (and I accept) that whereas VL's accounts accounted for *group* intangible assets including goodwill, CEL's accounts accounted for that company's intangible assets including goodwill in exactly the same amounts. Mr. Cregan contended this showed that any goodwill in the EYE D mark rested with CEL only and not VL. VL was not, therefore, entitled to rely on earlier goodwill in EYE D in defence of VCH's invalidation attack under Section 5(4)(a).
37. Mr. Watt explained that figures in VL's and CEL's accounts were the same because they were consolidated accounts. He referred me to the Accounting Standards Board Financial Reporting Standard 2 (now superseded) which required consolidated accounts to be filed for parent and subsidiary undertakings. Intra-group transactions were fully eliminated on consolidation. I did not permit Mr. Watt to adduce a copy of ASB FRS2 into evidence at this late stage. However, I was satisfied that this was publicly available information and in any event was made clear in the "Notes to the Consolidated Financial Statements" in the accounts themselves. Mr. Cregan appeared to take no objection to Mr. Watt describing the thrust of ASB FSR2.
38. Mr. Watt added that VCH's continued reliance on VL's original SIC Code at Companies House being non-trading – allegedly confirming that VL had no goodwill in the EYE D mark – was also misplaced. As noted by the Hearing Officer, this had been an administrative error subsequently corrected<sup>3</sup> (Brian Maguire, para. 13, Philip Hannay 3, para.3, VCH-PH17 – VCH-PH19).

**Trade Mark Licence**

39. The Hearing Officer had before him a trade mark licence. A copy of this had been referred to in the 2nd Witness Statement of Simon Rajgopaul, dated 25 November 2014, and exhibited to his 3rd Witness Statement, dated 3 December 2014 (VC-SR9). Mr. Rajgopaul was at the time, an employee of Harper Macleod LLP, VL's representatives. He stated that following a meeting with representatives of VL and CEL, he drafted this licence "to confirm for the avoidance of doubt terms of use (including prior and future use) of various brands between [VL and CEL]". The licence was executed for and on behalf of VL and CEL on 2 July 2014.
40. I accept that it is not the subjective intention of the parties but the factual matrix surrounding an agreement that governs its construction. The factual background to

---

<sup>3</sup> "retail sale by opticians" and "other human health activities"

this agreement included, as highlighted by the evidence, consistent and outwardly facing use of the Visioncall mark by CEL and other members of the Visioncall group with at least the implied, if not express consent of VL. It also included the devising of the EYE D mark in a group context at an event hosted by VL.

41. The relevant principles of construction were recently reiterated by Kitchin L.J. in *BSI Enterprises Ltd v. Blue Mountain Music Ltd* [2015] EWCA Civ 1151 (para. 38)<sup>4</sup>:

“The object is to determine what the parties meant by the language they used in the contract. This involves ascertaining the meaning which the language would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties in the situation in which they were at the time of the contract, that is to say the matrix of fact. The admissible background includes everything which would have affected the way in which the language of the contract would have been understood by a reasonable person but it excludes the previous negotiations of the parties and their declarations of subjective intent.”

Kitchin L.J. also referred to the guidance of Lord Clarke in *Rainy Sky SA v. Kookmin Bank* [2011] UKSC 50 (para. 21) that where language permitted alternative constructions, the Tribunal was entitled to prefer that which accorded with business common sense.

42. The licence in suit was between VL (“Licensor”) and CEL (“Licensee”). It recited that:

“The Licensee wishes to use the Marks in the Territory [worldwide] in relation to the Licensed Services [healthcare/optical services] and the Licensor is willing to grant the Licensee a licence to use the Marks [as defined in the Schedule] on the terms and conditions set out in this Agreement”.

43. Mr. Cregan fastened on the use of the present tense in this recital to contend that the agreed provisions operated only as to the future (i.e., July 2014 onward). However, that argument ignored that the “effective date” of the Agreement was defined as being 10 December 2004, with the term running from the effective date for an initial period of 2 years followed by successive periods of 1 year unless terminated by either party giving the requisite notice (sub-clause 1.1 and clause 8).
44. The licence was stated to be a non-exclusive licence by VL to CEL to use the Marks (as defined in the Schedule) in relation to the agreed services (clause 2). The EYE D mark was listed in the Schedule but other marks covered by the Agreement were redacted<sup>5</sup>.

---

<sup>4</sup> The trade mark licence was stated to be governed by Scottish law. The parties did not seek to argue that Scottish law differed. Indeed, Mr. Cregan referred me to *IN Newman Limited v. Richard T Adlem* [2005] EWCA Civ 741, Jacob L.J at para. 3, to the same effect.

<sup>5</sup> In answer to VCH’s argument below that the Agreement was invalid because none of the marks listed in the Schedule was in existence at the effective date, VL responded in written submissions that 1 of the marks did exist. It would have been a fair assumption on the Hearing Officer’s part from the terms of the Agreement itself and the general surrounding circumstances that this was the Visioncall mark, as confirmed by Mr. Watt before me.

45. Sub-clause 3.2 of the licence went on to provide:
- “Any goodwill derived from the use by the Licensee of the Marks shall accrue to the Licensor and vest in the Licensor on creation and the Licensee hereby assigns such goodwill to the Licensor by way of present and future assignation.”
46. Pursuant to sub-clause 9.1, on termination of the Agreement *inter alia* the Licensee was to cease all use of the Marks.
47. With cross-reference to the audited accounts of VL and CEL, Mr. Cregan contended that sub-clause 3.2 could only be understood as operating from the date of signing the Agreement, i.e., 2 July 2014, and was therefore an assignment (and presumably a licence) of goodwill in gross.
48. That argument fails to take into account the effective date of the parties’ agreement defined in the Agreement as 10 December 2004. The licence was for CEL to use the Marks covered by the Agreement from the effective date, with goodwill in those Marks accruing and vesting in VL on creation. The business concerned was providing services under the licensed Marks, which would cease to be operated by CEL when the Agreement terminated, offering no room for public deception. Whatever taxation or other consequences, e.g., to file new accounts might follow, the word “present” in sub-clause 3.2 when properly construed must be taken to refer to accrued goodwill in the Marks. In my judgment, this is the only sensible construction in view of the preceding words of sub-clause 3.2, interpreted in the light of the express terms of the Agreement itself overall.
49. Mr. Cregan sought further to support his contention that the Agreement was solely forward-looking from 2014 by reference to the fact that the EYE D mark listed in the Schedule bore a registration date of 19 July 2013. I failed to see how this advanced VCH’s case, especially since the Agreement clearly related to Marks other than EYE D albeit that those marks were redacted from the list in the Schedule. Equally clearly the factual matrix to the Agreement (acknowledged by VCH in written arguments before the Hearing Officer) was that CEL – a wholly owned subsidiary of VL - traded as, and by reference to, the name and mark Visioncall.
50. The grounds of appeal criticised the Hearing Officer for failing to deal with VCH’s submissions on the trade mark licence. A Hearing Officer cannot be expected to deal with every point raised by the parties in his decision (*REEF Trade Mark* [RPC 5, Robert Walker L.J., para. 29])<sup>6</sup>. As the Hearing Officer justifiably observed he had had to deal with a number of allegations raised by VCH for the first time in written submissions and in the absence of a request by VCH to amend its pleadings.

**Substantiality and /or abandonment**

51. If I was against him on lack of standing on the part of VL, Mr. Cregan additionally sought to raise points of substantiality, and abandonment by VL of goodwill. I did not consider that either of these points was canvassed in the grounds of appeal.

---

<sup>6</sup> As VL responded in written submissions by reference to Scottish law, there was no substance in VCH’s additional arguments that (a) the Agreement was invalid for lack of consideration, and/or (b) any claimed prior licence/assignment of goodwill between VL and CEL was invalid for lack of writing.

52. The Hearing Officer said that unless he rejected all the evidence of VL, VL had started to accrue goodwill in the EYE D mark as from June 2012 and was the senior user. VL's temporary suspension of use of EYE D in December 2012 was explicable due to the dispute between the parties and VL's then absence of a registered right, and did not prejudice VL's case. Those were findings open to the Hearing Officer on the evidence to make without error.

**Conclusion on the Section 5(4)(a) ground of appeal**

53. The ground of appeal under Section 5(4) also fails.

**Costs**

54. In the result, the appeal was unsuccessful. The Hearing Officer ordered VCH to pay VL the sum of £2,300 as a contribution towards VL's costs of the invalidity action and the opposition. I will order VCH to pay VL the additional sum of £900 as a contribution towards VL's costs of this appeal, the total sum of £3,200 to be paid by VCH to VL within 21 days of the date of this decision.

Professor Ruth Annand, 10 February 2016

Mr. Quentin Cregan instructed by Cloch Solicitors appeared for the Appellant/Applicant for invalidity/Applicant

Mr. Jamie Watt of Harper Macleod LLP appeared for the Respondent/Proprietor/Opponent