

O-191-17

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3123318
IN THE NAME OF APPLAUD SOLUTIONS UK LIMITED
FOR THE TRADE MARK**

APPLAUD

**AND THE OPPOSITION THERETO UNDER NO. 405766
BY PREMIER INTERNATIONAL ENTERPRISES, INC.**

Background and the pleadings

1. These proceedings concern the opposition by Premier International Enterprises, Inc (“the opponent”) to a trade mark application in the name of Applaud Solutions UK Limited (“the applicant”). The trade mark in question is APPLAUD, which was applied for on 20 August 2015 for the following goods and services:

Class 9: Computer software; application software for mobile devices, computer tablets and mobile telephones; interface software; translation software.

Class 42: Software design, development, programming, installation and implementation; updating and upgrading of software; maintenance of software; software consulting services; computer consultancy services; configuration of computer software; software as a service; computer software technical support services; programming of software for database management; data duplication and conversion services; advisory services relating to man-machine interfaces for computer software.

2. The opposition is brought under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”), which states:

“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)...

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.”

3. The opponent claims that it has used the sign APPLAUD throughout the UK since 16 December 2005 in relation to “downloadable and pre-recorded computer software and applications for computers, smart phones and tablets, computer programs pre-recorded on a magnetic medium, consultancy services related to software and application development for others; design and development of applications and computer software; data migration services; computer systems integration services and installation of complex computer software”. The opponent claims that it has a protectable goodwill in the UK and that use of the application is liable to be prevented under the law of passing off, such use making a misrepresentation and causing damage to the opponent.

4. The applicant filed a defence and counterstatement, denying the ground of opposition and putting the opponent to proof of its claims.

5. Both sides filed evidence and the matter came to be heard before me on 8 February 2017 by video conference. Mr Benet Brandreth of Counsel, instructed by Saunders & Dolleymore LLP, represented the applicant. Mr Florian Traub, of Squire Patton Boggs (UK) LLP, represented the opponent.

The evidence

6. James D. Hempleman is the opponent’s founder and CEO. Mr Hempleman states that the opponent is primarily known for data migration solutions, which is the process of moving data from an existing system into a replacement system. Mr Hempleman states that APPLAUD is used in relation to information technology consulting and to computer software which performs data extraction, data profiling, data staging, data analysis, data cleansing, data transformation, data loading, and data reconciliation.

7. Mr Hempleman explains that the opponent’s customers comprise companies involved in mergers and acquisitions, who require the data from the acquired companies’ individual systems to be migrated into one software system. The opponent cooperates extensively with consulting firms, such as Deloitte; this cooperation provides the opponent with a platform to promote its APPLAUD software

solutions. Mr Hempleman states that the opponent attracts repeat business and also new business from clients who are familiar with the opponent's previous projects. Exhibit JDH1 comprises the opponent's standard marketing brochure. The brochure content has remained essentially the same over a number of years (Mr Hempleman does not say which years). APPLAUD appears at the top of the first page, next to the words 'Data Migration Services'. The brochure says: "Applaud Software – The second key is our Rapid Application Development (RAD) software, Applaud. Applaud is unique and is far superior to any other alternative" and "With Applaud, one team, using one software product accomplishes all data migration needs."

8. The brochure explains that a data migration project starts with the opponent meeting with the client's 'legacy data experts', following which APPLAUD is used to extract data from legacy sources. Page 10 of the brochure states:

"There is no need to license the Applaud software for our consultants who work on your project. The Applaud software is provided at no charge for our staff's use."

And:

"Global consulting firms often include our Applaud services in their proposals as a competitive advantage."

And:

"We wouldn't consider doing another implementation without Applaud and Premier" (Project manager from a global consulting firm).

9. Mr Hempleman states that the opponent first pitched its APPLAUD goods and services for a UK-based project on or before October 2004. To support this statement, he provides an email, dated 5 October 2004, in Exhibit JDH1a from one of the opponent's salesmen to the IT Director at a company called Invitrogen. The sender's email address is @premierintl.com and the email includes the following:

“Keep in mind that is we perform your data migration for you, there is NO software to purchase...The best way for you to see the value that Applaud offers is to view a demo.”

10. Mr Hempleman states that the opponent’s employees first used the APPLAUD mark in the UK in or before December 2005. Exhibit JDH2 comprises expense claim forms from a business trip to Scotland in 2005, the purpose of which was to visit the opponent’s client, Invitrogen, to begin working on a project. The invoices are headed ‘Premier International’. Mr Hempleman states that, during the trip, the opponent’s employees installed the APPLAUD software on a server in Scotland using CD media containing the APPLAUD mark.

11. Exhibit JDH3 comprises prints of PowerPoint slides which were shown in presentations to pitch the opponent’s goods and services to potential UK clients Avon, Edelman and GE Capital OLM in 2004, 2007 and 2008 (respectively). APPLAUD appears in large type on the first slide. Where APPLAUD appears in explanatory text on subsequent slides, it is in connection with data migration software. One of the slides (page 12 of the exhibit) says:

“Who would do the data migration? – If you did not use our Applaud services/software, who would actually do the data migration work (e.g., end-client, consulting firm, software firm, outside resources, etc)?”¹

Another slide (page 14) says:

“Our Applaud Services will reduce the time and cost of data migration by over 50% - compared to every other alternative.”

The slide at page 56 says:

“In fact, our Applaud Services have delivered outstanding results on literally EVERY project.”

¹ Presumably the answer to this hypothetical question was given verbally at the presentation.

12. The slide at page 78 of the exhibit says:

“Our Applaud Professional Services group has many years of experience with data migration and can outsource entire projects. (When we outsource a project, there is no cost for the Applaud software).”

The slide at page 119 provides a quotation from a senior partner in a global consulting firm:

“Premier and Applaud make us more competitive...”

The slide at page 120 says:

“We work at your direction for two weeks [in a pilot project] – Our Applaud experts will work on-site on your live project for two weeks.”

These last three slides are in the third presentation, dating from 2008. PREMIER International appears sometimes with, and sometimes without APPLAUD at the base of each slide in the presentations.

13. Exhibit JDH4 comprises prints of slides from an internal presentation, dated 2011, from one of the opponent’s potential clients, Pfizer. Mr Hempleman describes Pfizer as a multinational pharmaceuticals company with major operations in the UK. Slides 7 and 8 refer to the APPLAUD mark and the software. I note that the slides refer to data archiving undertaken using Applaud in Ecuador and Japan, but not the UK.

14. Mr Hempleman states that Exhibit JDH5 comprises a schedule of work carried out in the UK by the opponent from 2005. He states that whilst a number of the companies listed in the schedule did not buy the opponent’s software or services, the pitching of sales to these companies has meant that the APPLAUD mark enjoys goodwill and reputation in the UK. The schedule is shown below:

Use of the Applaud mark in UK

In the contacts below we positioned Applaud as a software product and/or a service for data migration and/or data cleansing

From Date	To Date	Client	Consulting Firm	Project - Comments	Country
Late 2005	Early 2011	Invitrogen	Deloitte	Data migration project (substantial travel to Scotland where project was managed, some travel to Norway)	UK
April 2006	May 2007	Avon	Deloitte	Data migration project (substantial travel to Poland, some travel to England)	UK
July 2007		Shell	Deloitte	Sales pitch for data migration (did not sell)	UK
June 2009		New City Software	n/a	Sales pitch for data migration (did not sell)	UK
Oct 2009	July 2010	GE Capital UK	n/a	Sales pitch for data migration (did not sell)	UK
May 2010		Steria	n/a	Sales pitch for data migration (did not sell)	UK
April 2011	July 2011	Edelman	n/a	Data migration project (no international travel)	UK
July 2011		Pfizer	Deloitte	Sales pitch for data migration (did not sell)	UK
Nov 2011		We never knew who the client was.	CSC	Sales pitch for data migration (did not sell)	UK
Sept 2012	Current	BE Aerospace	n/a	Data migration project (substantial travel)	UK
Nov 2012		Cobham	CSC	Sales pitch for data migration (did not sell)	UK
Nov 2013	Current	Ingersoll Rand	n/a	Data migration project (substantial travel)	UK
Sept 2013	Current	Donaldson	Deloitte	Data migration project (one trip to Belgium 2014)	UK
Oct 2015		We do not know the client name	Hitachi	Sales pitch for data migration (did not sell)	UK

15. Mr Hempleman describes Exhibit JDH6 as referring to the opponent's proposal for increasing the opponent's resources used on a project with Avon, for training. He states that the exhibit shows the extent of the project in the UK. It is undated; presumably the proposal relates to the Avon project recorded in the table shown above, which took place from April 2006 to May 2007. Proposal 1 refers to bringing resources to a conversion development site ("Rye" or UK). Proposal 2 refers to sending an Applaud resource to India and that the opponent does not have available resources, so the resource would need to come from Avon. Proposal 3 refers to North American implementation.

16. Exhibit JDH7 comprises a table which refers to the opponent's turnover and advertising from 2005 to 2015. The entries, except for two of them, correspond to the schedule of work table shown above. The table is shown below:

Client	Consulting Firm	Project - Comments	Country	First sales pitch date	First date worked on UK project	First date worked on-site in UK	Project duration	Estimated hours spent on UK portion of projects (and selling UK projects we didn't get)	Estimated turnover from UK portions of projects (US\$)
Invitrogen	Deloitte	Data migration project (substantial travel to Scotland where project was managed, some travel to Norway)	Scotland, Norway, France, Italy, Belgium, Germany, several more	October 2004	December 2004	December 2005	Early 2011	2,286	\$342,900
Avon	Deloitte	Data migration project (substantial travel to Poland, some travel to England)	Poland & England (Other phases Germany, Russia and more)	October 2004	April 2006	April 2006	May 2007	1,631	\$244,723
Shell	Deloitte	Sales pitch for data migration (did not sell)	England	July 2007			UK	32	n/a
New City Software	n/a	Sales pitch for data migration (did not sell)	England	June 2009			UK	8	n/a
GE Capital UK	n/a	Sales pitch for data migration (did not sell)	England	Oct 2009 & July 2010				60	n/a
Steria	n/a	Sales query for data migration (did not sell)	England	May 2010				1	n/a

Edelman	n/a	Data migration project (no international travel)	England, Ireland	?	July 2010		Aug 2011	1,665	\$291,375
Pfizer	Deloitte	Sales pitch for data migration (did not sell)	Ireland, Spain, Germany	July 2011				48	n/a
Unknown client name	CSC	Sales pitch for data migration (did not sell)	England	Nov 2011				8	n/a
B/E Aerospace	n/a	Data migration project (substantial travel)	England & Ireland	Sept 2012	Sept 2012	Oct 2013	current	6,602.50	\$990,375
Cobham	CSC	Sales pitch for data migration (did not sell)	England	Nov 2012				24	n/a
Zeno	n/a	Data migration project (no international travel)	England	Dec 2012				19	\$3,325
Donaldson	Deloitte	Data migration project (one trip to Belgium 2014)	Belgium, England, France (also Canada)	?	sept 2013		Current	600	\$96,000
Unknown client name	Hitachi	Sales pitch for data migration (did not sell)	England	Oct 2015				10	n/a
Totals								12,994.5	US\$1,968,698

17. Mr Hempleman states that the table shows that the opponent's turnover from 2005 to 2015 was approximately US\$28,776,129 and that, of that turnover, US\$1,968,698 or 6.8% was achieved in relation to APPLAUD-branded software products and services in the UK. He states that, for the same period, the opponent spent US\$308,028 promoting APPLAUD software and software services, but Mr Hempleman does not specify where the mark was advertised.

18. Mr Hempleman states that representatives from the opponent attended the 2015 Oracle OpenWorld conference in San Francisco and that, on two separate occasions, two different attendees saw the opponent's shirts bearing the APPLAUD mark and asked if the representatives were from the UK organisation. This evidence appears to have been filed to show confusion between the signs/marks. If so, I note that, in the law of passing off, this type of confusion is the 'wrong way around'.

19. The opponent has also provided witness statements from three other individuals, as follows:

- Steve Berthe, who was a partner and IT consultant with Deloitte Consulting for 20 years, prior to 2008. He describes his company's involvement with data migration for Avon, Inc. in 2004. From prior experience of the opponent and its APPLAUD software and services, Mr Berthe recommended them to his client, Avon. He describes sales presentations and meetings between September and December 2004, but not where the meetings took place or where the participants were from. Mr Berthe states that the project was located in several countries in Europe, the Middle-East and Africa, each of which had data centres with data which was to be migrated to Avon servers located in the UK. Of the three project phases, the second phase, which began in April 2006, involved Poland, the UK, Italy and France. This phase was generally headquartered in Poland, but Mr Berthe states that the team travelled to Northampton to start the project and then returned to the UK, when needed. APPLAUD software ran on servers in the UK for each of the three phases. After the project, Avon decided to buy a license for APPLAUD software, but Mr Berthe does not specify the country from where that particular custom came.

- Doug Hanson, a Director of B/E Aerospace, Inc. Mr Hanson states that, in 2012, his company started a project to consolidate technology functions for UK and US business entities, requiring data migration. Mr Hanson states that a partner in Deloitte recommended Applaud software and Applaud services.
- Derek Noble, Finance Vice President at Invitrogen, Inc. He refers to his company's data migration project in 2004 and states that he initially worked in Scotland and then moved to his company's headquarters in California. Mr Noble states that his company engaged Deloitte Consulting, in 2004, to assist in the project which was required as a result of Invitrogen, Inc acquiring several companies around the world, each with its own administrative departments and IT infrastructure. His company and the Deloitte team jointly selected Applaud. Deloitte contracted with the opponent, making the opponent a subcontractor of Invitrogen. Mr Noble states that the initial phase of the project was headquartered in Paisley, Scotland and involved migrating data for UK-based companies. He states that the opponent's consultants travelled to Scotland in December 2004 and were based there for much of the project. The Applaud software was installed and ran on computers in Paisley, Scotland throughout the project.

20. The applicant's evidence comes from Mr Ivan Harding, its Director. Mr Harding states that he has researched the following companies to whom the opponent claims to have provided its services: Invitrogen, Pfizer, Avon, Deloitte Consulting, B/E Aerospace, Edelman, Inc., Ingersoll Rand and CSC. He states that they are all US companies and that:

"4. I am not aware of any evidence showing sales or referrals in the UK and note that, despite the strong likelihood that such documentation would be in the custody or control of the Opponent, no invoice or sales order from the UK has been exhibited or otherwise disclosed. I infer that the sales and referrals mentioned in the evidence appear to have been made in the USA to US companies, and not the UK. That is consistent with my understanding of the Opponent's business."

21. The opponent filed evidence in reply in the form of a second witness statement from Mr Hempleman. He confirms that the companies identified in Mr Harding's evidence all have their head offices in the US, but points out that Mr Harding has not referred to all of the companies which Mr Hempleman listed in his first witness statement. Exhibit JDH8 comprises a table setting out the following:

Companies listed in Exhibit JDH5 and JDH7 but not referred to in the Witness Statement of Ivan Harding

Company name	Headquarters	Operations in the UK?
Shell	Netherlands	Yes
New City Software	UK	Yes
GE Capital UK	UK	Yes
Steria	France	Yes
Cobham	UK	Yes
Donaldson	USA	Yes
Zeno	Please note that this is a subsidiary of Edelman	Yes

22. Mr Hempleman notes that nearly all of these companies are headquartered in the UK and Europe and, in any event, all have operations in the UK. He states that the companies listed by Mr Harding are global operations with significant establishments based and operating in the UK. Mr Hempleman states:

“7. It was the UK establishments of these companies, not the head offices, which were offered or sold the APPLAUD software and services. Furthermore, the projects that were carried out by our APPLAUD professional services team...were carried out using our APPLAUD software that was running on servers based in the UK.”

23. In order to meet Mr Harding's challenge regarding lack of sales invoices, Mr Hempleman provides, at Exhibit JDH9, some examples of invoices which he states

relate to UK projects with Avon, Edelman, Donaldson and Ingersoll Rand. All the invoices are headed Premier International, sent from Chicago. Most include hourly breakdowns of specific tasks undertaken, and are addressed to locations in the US. There are two exceptions: one invoice was sent to Deloitte without a breakdown (this was for Ingersoll Rand), and the other is a breakdown with no cover invoice (this was for Donaldson). All the Avon invoices are addressed to Deloitte in Houston, Texas for consultancy services. I note that the Avon invoices refer, for example, to the Applaud North America server, analysis of Poland extracts, pulling down UK data from the Central Master database, and getting data ready to convert UK items. The Edelman invoices are addressed to Edelman, in Chicago, for consulting services. One invoice (dated 21 April 2011), includes the following item: "Checked to see how big the customer entry table is and determined that we can just pull the whole thing into Applaud. Updated a pre-existing copy process and kicked it off on the UK conversion PC. Pulled the file over to the US to work on." Another, dated 13 May 2011, says "Cloned the reporting process from the US and designed a way to make it run off the new UK data...Forwarded a first cut of the UK rate analysis to Gene Koch. This largely mirrors what we did for the US" and "Set up my transactional reconciliation extractions that balance transactional data to the GL and launched them on my UK PC." An invoice to Edleman dated 27 June 2011 says:

"Created SQL scripts for Italy, France, and Spain. This involved copying the UK scripts and updating all company number references with a copy for each country. Updated the logic that verifies that a PM is in the correct BU in Applaud. Ran the extracts sequentially for each country. Extracted and transferred data for Italy, France, and Spain to Chicago...Moving forward, we'll need to optimize this process because it's very manual and too time consuming for 3 separate countries at the same time."

24. There are two invoices pertaining to Ingersoll Rand: one sent directly to Ingersoll Rand in Midland, Michigan (6 August 2014) and the other to Deloitte, with no address given (19 February 2015). The invoices are for consulting services. In respect of Donaldson, there is only a breakdown from 1 February 2015, but no cover invoice. No hours were billed for the items in this breakdown.

Decision

25. Halsbury's Laws of England (4th Edition) Vol. 48 (1995 re-issue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It 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."

26. 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.”

The relevant date

27. Although the opponent’s evidence indicates that the applicant has used its mark (see the earlier reference to the two people at the Oracle Conference), the applicant has not filed any evidence about whether it has used its mark. Consequently, matters are to be judged at the date on which the application was filed, which was 20 August 2015.

The opponent’s goodwill at the relevant date

28. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co’s Margerine Ltd* [1901] AC 217 at 223:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

29. There are three main issues to be decided in relation to the opponent’s claimed goodwill:

- (i) does the evidence show any use of APPLAUD and, if so, in relation to what goods and/or services;
- (ii) assuming a positive answer to (i), where was the use/goodwill situated (i.e. in which jurisdiction); and

(iii) assuming that the answer to (ii) is the UK, was the level of goodwill at the relevant date sufficient to found the passing off claim?

30. Whether the opponent has the requisite goodwill has to be deduced from the evidence which it has filed. In *Reef Trade Mark* [2002] RPC 19, Pumfrey J said:

“There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.”

and

“Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

31. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J, building upon Pumfrey J's observations, said:

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be

answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. 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.”

32. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Mr Daniel Alexander QC, sitting as the Appointed Person said, having referred to *Reef* and *Minimax* (as above):

“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.”

33. The applicant submits that the opponent's services are provided under the sign Premier International, not APPLAUD, and that there is no goodwill in relation to software because it cannot be bought as a standalone product. The first page of the standard marketing brochure shows APPLAUD at the top of the page, and next to APPLAUD are the words Data Migration Services. The brochure goes on to describe the service on offer, which is data migration, and describes APPLAUD software as the tool which will enable the service to be performed. The brochure explains that there is no charge for the software which is provided for the opponent's consultants to use in providing the data migration service. Quotations from satisfied customers refer both to the opponent's name and to APPLAUD. In the presentations given to Avon, Edelman and GE Capital OLM in 2004, 2007 and 2008, the slides variously refer to Applaud software and Applaud services. Mr Berthe states that Avon has a licence for the software from the opponent, although it no longer uses the opponent's services.

34. The evidence shows that the data migration software is an integral part of the data migration service, and vice versa. I think that for the opponent's customers (I deal below with who or where the customers were), in reality, the line is blurred between use of APPLAUD in relation to data migration software and use in relation to a data migration service. The combination of software and the associated service is the attractive force which brought in custom. I do not think the opponent can realistically lay claim to have used APPLAUD in relation to anything other than data migration software and data migration services. Mr Traub conceded at the hearing that the opponent's software is “a dedicated software for data migration services.” I agree, although I disagree with his submission that established goodwill in one area of IT means that the goodwill can logically be extended to software more generally. If I were to find misrepresentation, this may go wider than the narrow area in which goodwill has been established, but that does not mean that the opponent's goodwill itself is broader than the evidence establishes. In finding that the opponent had goodwill in relation to APPLAUD at some level for data migration software and data

migration services, I move on to consider the jurisdictional issue, which took up the bulk of both parties' submissions at the hearing.

35. The opponent relies upon the judgment of the Court of Appeal in *Hotel Cipriani SRL and Others v Cipriani (Grosvenor Street) Limited and Others*, [2010] EWCA Civ 110 as support for its position that, at the relevant date, it had UK goodwill in relation to APPLAUD. In *Cipriani*, Lloyd LJ stated:

“38. For immediate purposes, a working description of goodwill can be taken to be the phrase used by Lord Macnaghten in *Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217: "It is the attractive force which brings in custom." Whether a business based abroad has a reputation in this country is a question of fact. Absent such a reputation, it can have no goodwill. If it does have a reputation here, it is likely also to have goodwill, but that depends (speaking in very general terms for the present) on the nature and extent of any business activity which it carries out here. I will consider later the test applicable under English law as to what is required for this purpose. For the moment it is sufficient to say that, if its business is in the sale of ordinary retail goods for domestic consumption (e.g. cans of beer) it does not have goodwill here if its products are not available for sale to the public here: *Anheuser-Busch v Budejovicky Budvar NP* [1984] FSR 413 (which I will call *Budweiser*). How that applies to a business which supplies services, and which only does so at its own place of business abroad, is less clear; I will revert to that point.

....

93. This raises an interesting and difficult point of law, on which there is considerable divergence of view as between different common law jurisdictions. It brings me to the question as to what is needed to prove that a business based abroad which has a reputation in England also has goodwill here.

94. I do not intend to go far into the history of the law on goodwill, but I should say something about the House of Lords decision in *Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217, which I have already mentioned, and which has been much cited in this area. The case concerned the liability, or not, to stamp duty of an agreement made in the UK. Under the Stamp Act 1891 an agreement made in the UK for the sale of any estate or interest in any property except lands or property locally situate out of the UK was chargeable with ad valorem stamp duty. The particular agreement was for the sale of the premises of a wholesale manufacturing business which was carried on in Germany together with the goodwill of the business, all of whose customers were in Germany. The House of Lords affirmed the decision of the Court of Appeal that the goodwill was property locally situate outside the UK. In the course of the speech most often cited, Lord Macnaghten said, at page 223-4:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates."

95. Five of the six other members of the House of Lords agreed with Lord Macnaghten. Lord Robertson's speech includes the following passage on this point:

"I do not accede to the view that the goodwill is affixed or attached to the manufactory. Supposing that the products of the manufactory were all exported to England and sold to English customers, I should find it difficult to hold that the goodwill was out of England merely because the manufactory was. The application of the words "locally situate" would then present a different question, requiring, I should think, a

different answer. Again, if the facts as to the distribution of the products were more complicated, as, for example, if the trade were diffused over England and other countries, then the location of the goodwill would be a more complex, although I do not by any means think an insoluble, problem.

I confess I find no repugnancy in affirming of the goodwill of a business that it is locally situate somewhere. It is, I should say, locally situate within the geographical limits which comprehend the seat of the trade, and the trade. That sounds like a very cautious statement, and fortunately it is enough for the present question. It seems to me that in the statute the distinction drawn is between what from a British point of view we should call British property and foreign property; and the goodwill of a business which begins and ends abroad is, I think, property locally situate outside the United Kingdom."

96. In turn, Lord Lindley (who had no doubt had to consider the issue of goodwill in the course of his work on partnership law) said this at page 235:

"Goodwill regarded as property has no meaning except in connection with some trade, business, or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and, in my opinion, exists where the business is carried on. Such business may be carried on in one place or country or in several, and if in several there may be several businesses, each having a goodwill of its own."

...

113. In the present case, Arnold J reviewed the cases, including *Pete Waterman*, and summarised the position in six propositions of which I need only quote from the fifth and sixth:

"216. Fifthly, it is sufficient for goodwill to exist in the United Kingdom that the claimant has customers or ultimate consumers for his goods here, and for this purpose it is immaterial whether the claimant (a) has some branch here or (b) trades directly with customers here without having any physical presence in the jurisdiction (for example, by mail order) or (c) trades through intermediaries such as importers and distributors (provided that the circumstances are not such that the goodwill is owned by the intermediary) ...

217. Sixthly, in the case of claimants who provide services which are physically performed abroad, it is sufficient for goodwill to exist in the United Kingdom that the services are booked by customers from here ..."

...

117. In *Budweiser* in relation to sales of beer, the court regarded it as necessary that, in addition to an international reputation, there should have been significant sales of the product in this country. How does the matter stand when one is considering not goods but services? As pointed out by Wadlow in *The Law of Passing-off*, 3rd ed (2004) at paragraph 3-80, service businesses are of several different kinds. There are those, such as hotels and restaurants, and recording studios, where the service is supplied at the premises of the supplier. Others may necessarily be supplied at the premises of the customer. Others may be supplied at any suitable place where both supplier and customer are present. Yet others (including much professional advice) may not depend on location at all. The same test may not be appropriate for each kind of service, unless it is expressed at a fairly high level of generality. Wadlow proposes a test as follows:

"It is now suggested that a service business operating from a place or places abroad has customers and therefore goodwill in England to the extent that persons from England consciously seek out and make use of its services in preference to those available from competitors in England or elsewhere. So the foreign business has goodwill here if English residents are prepared to go to it (literally or figuratively) to avail themselves of its services, or if the availability of those services abroad is a material factor in their travelling to wherever the services can be acquired or experienced."

118. That is an interesting proposition which might provide a suitable line of distinction between businesses abroad with a genuinely international reputation and clientele, on the one hand, and those which have English customers abroad, and therefore may be known of in this country, but whose reputation here does not in practice bring in significant custom from the public in England. However, it does not seem to me that it is necessary or appropriate to adopt a general principle such as that in order to decide this appeal. Like the judge, I would hold that the First Claimant did have goodwill here on the basis that, in April 2004 (the relevant moment for passing-off) it had a substantial reputation in England and a substantial body of customers from England, in part as a result of significant marketing efforts directed at the relevant public here, and a significant volume of business was placed directly from this country, either by individual clients by telephone or the like, or via travel agents or tour operators. On that basis it seems to me clear that the international reputation of Hotel Cipriani, and the use of the mark Cipriani, was something that brought in business from England – it was an attractive force that brought in English custom - and accordingly the business had goodwill in England at the relevant time."

36. Conversely, the applicant relies upon *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*, [2015] UKSC 31 as support for its position that the opponent did not have goodwill in the UK at the relevant date. In *Starbucks*, Lord Neuberger stated (at paragraph 47 of the judgment) that:

“I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question. And, where the claimant's business is abroad, people who are in the jurisdiction, but who are not customers of the claimant in the jurisdiction, will not do, even if they are customers of the claimant when they go abroad.”

And later said, at paragraph 52:

“As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21-26 and 32-36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant.”

37. The claimant in that case did not have any goodwill in the UK that would give it the right to prevent BSkyB from using the name "NOW TV" in relation to its internet protocol TV service. This was because the customers for Starbucks' broadcasting services under the name NOW were based in Hong Kong. The services could not be bought in the UK. The fact that the service was sometimes accessed via the internet by Chinese speakers in the UK did not mean that Starbucks had customers in the UK.

38. The opponent's evidence of use falls into two main categories: actual projects and failed sales pitches (i.e. sales pitches which did not result in custom). The actual projects category can be further divided into projects in which the opponent was a subcontractor for a consultancy firm, e.g. Deloitte; and those in which it dealt directly with the ultimate customer.

39. The applicant submits that the failed sales pitches amount to mere advertising and that they cannot contribute to goodwill. It relies upon *Maxwell v Hogg* (1866-67) LR 2 Ch App 307, in which the Court of Appeal held that mere advertising of a magazine (under the name Belgravia), which was not followed by actual publication, did not give rise to a protectable goodwill. It seems to me that the present case can be distinguished from *Maxwell v Hogg* in that the present opponent did have a product and service to offer, which it had already provided to others. I do not regard the failed sales pitches as simply advertising.

40. However, I return to the fundamental nature of goodwill, which is that it is "the attractive force which brings in custom". A failed sales pitch cannot be said to have brought in actual custom. Of the companies identified in the schedules shown above (Exhibits JDH5 and JDH7), there were seven failed sales pitches. One entry, for Steria, only involved an hour's work. Pfizer, described in the evidence as a multinational company with significant UK operations, did not buy the opponent's APPLAUD goods and services; furthermore, the slides which are shown in the evidence mention data archiving using APPLAUD in Ecuador and Japan, but are silent as to the UK. In the second schedule, the Pfizer countries are specified as being Ireland, Spain and Germany. In another case, in which CSC was the consultancy firm or middleman, in 2012, the opponent did not know who the client was. This begs the question (a) as to whom the sales pitch was made: was it to CSC, a US firm and (b) how can Mr Hempleman be sure that the ultimate client was in the UK? There is no evidence as to how the opponent was sought out by the direct potential customers who did not place an order; and in some cases, there was a consultancy firm in the US involved, so it is more than likely that the US consultancy firm recommended the opponent, as shown in Mr Berthe's evidence about the Avon project which ran until May 2007. The invoices show Deloitte as being based in Houston, Texas. It is not possible to say whether there was a

reputation which operated, at least to start with, as an attractive force causing potential customers in the UK to invite the opponent to bid for a project. Looking at the failed sales pictures in combination with the opponent's other evidence, I do not find that they contributed to a UK goodwill.

41. The actual project customers identified in the schedules are Invitrogen, Avon, Edelman, B/E Aerospace, Zeno (a subsidiary of Edelman), Donaldson and Ingersoll Rand. Invitrogen, Avon and Donaldson employed consultants, so that the opponent was a subcontractor. The consultant firms are based in the US, as evidenced by the invoices. In the case of Avon, a US company, Mr Berthe says that the data migration project was headquartered in Poland whilst the servers were located in the UK; that there was some travel to the UK, but he does not say where the meetings or presentations took place. There is no evidence about where the deal was done. Whilst it is not necessary that the opponent has premises in the UK, it must show that it had customers in the UK, as opposed to people in the UK who became its customers elsewhere (*Starbucks*).

42. Mr Hempleman states, in his second witness statement, that it was the UK establishments of the US companies, not the head offices, which were offered or sold APPLAUD software and services. However, the evidence which he files to support this consists of invoices to US concerns (Deloitte for the Avon project, and Edelman) for consultancy services. The IT work in respect of the UK does not always appear to have taken place in the UK. For example, the Avon invoices refer to the North American server, and the Edelman invoice referred to in paragraph 23 of this decision describes pulling the UK conversion file over to the US to work on it. Another invoice refers to working on data for Italy, France and Spain, at the same time. There was no international travel for the Edelman project. There are only two invoices for Ingersoll Rand and one incomplete document for Donaldson, which are the two most recent projects (from 2013). The Donaldson document is half a page of items listing work carried out, for which no hours were billed. The schedule shows that international travel for Donaldson comprised a single visit to Belgium. There is no covering invoice. It begs the question as to why it is incomplete. The schedule specifies substantial travel for Ingersoll Rand, but does not say where; one of the

invoices was to Michigan, and the other does not show an address, but was presumably to the US as it was for Deloitte.

43. The evidence about the Avon project appears to be inconsistent and contradictory. On the one hand, Mr Hempleman states that the project was secured by selling to the UK establishment of Avon and not its US head office. However, the schedules and the invoices show that the project ran in Poland, UK, Germany, Russia “and more”. Mr Berthe refers to the Avon project being located in several European countries, the Middle-East and in Africa. It seems unlikely that sales would have been made piecemeal to individual countries’ offices, when the head office was located in the US, as was the consultancy firm used by Avon. There is no explanation as to how or why, when the project ran in so many countries, that it was secured in the UK, when the parent company is a US corporation, using a US consultancy. This is despite the applicant’s challenge to the jurisdictional basis of the opponent’s claim to goodwill.

44. I bear in mind that the second schedule has a column relating to hours spent on UK portions of projects and the estimated turnover from UK portions of projects. Viewed against the backdrop of the evidence I have just discussed, in which there is a distinct absence of documentation showing the targeting of UK subsidiaries of the US companies, I agree with the applicant that the figures are internal attribution in US-led projects which span other countries where the US companies have service delivery.

45. The overwhelming picture from the evidence, when it is all put together, is that APPLAUD goods and services were sold in the US to US customers with UK operations, before and at the relevant date. The one possible exception is the Invitrogen evidence because the project was managed from Scotland, although it involved several other countries. However, Mr Noble’s evidence refers to Invitrogen, Inc (clearly a US company) acquiring several companies around the world. Considering the applicant’s challenge to the jurisdiction of goodwill, it has not been adequately explained how and where the opponent obtained its sale to Invitrogen.

46. Even if the Invitrogen project was an example of UK goodwill, there is the matter of distance in time from the relevant date. The project was secured in 2005, ten years before the relevant date and finished in 2011, four years before the relevant date. The latest of the failed sales pitches was in 2012 (and the earliest was in 2007). The combination of a failure to secure business and the distance in time from the relevant date means that their contribution to goodwill at the relevant date must be very weak, even if they did count as UK custom. The evidence does not establish that the attractive force which brings in custom was still alive in 2015, even if it could be said that it existed in the UK in 2005. I would have expected the opponent to have at least provided submissions as to how goodwill could still exist in the UK in 2011, six years after the original sale took place (although where, I cannot say), and for it to be strong enough to found a passing off claim.

47. I have come to the view that the opponent did not have a protectable UK goodwill at the relevant date sufficient, under the law of passing off, to have prevented the applicant from using its mark. The section 5(4)(a) ground is not made out.

Outcome

48. The opposition fails. The application may proceed to registration.

Costs

49. The applicant has been successful and is entitled to a contribution towards its costs, based on the published scale in Tribunal Practice Notice 4/2007. The breakdown is as follows:

Considering the opposition and filing the counterstatement	£200
Filing evidence and considering the opponent's evidence	£1000

Preparation for and attendance at the hearing	£800
Total	£2000

50. I order Premier International Enterprises, Inc to pay Applaud Solutions UK Limited the sum of £2000 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

Dated this 18th day of April 2017

Judi Pike
For the Registrar,
the Comptroller-General