

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Application N<sup>o</sup>: 2232407A  
by Transframe International Limited  
to register a Trade Mark and**

**IN THE MATTER OF Opposition N<sup>o</sup>: 52233  
by Metalforce Limited.**

1. On 12<sup>th</sup> May 2000 Transframe International Limited, 1-3 Sterling Court, Loddington, Kettering, Northants, NN14 1RZ applied to register the mark TRANSFRAME for:

‘Storage apparatus; article storage apparatus; apparatus for storing articles during handling, transport, loading, unloading of articles; aids for storage, handling, loading, unloading and transport of articles; storage units; stillages, stillages fitted with wheels, containers, trays, pallets, platforms, all for use in storage and/or handling and/or transport of goods; parts and fittings for all aforesaid goods.’ (Class 6)

‘Transport apparatus; transport systems; transport apparatus and installations, all for handling, loading, unloading and transporting articles; transport apparatus and installations for pulling, pushing and carrying of loads; containers, trays, all for use in storage and/or handling and/or transport of goods; trailers; parts and fittings for all aforesaid goods.’ (Class 12)

The opponents are Metalforce Limited. It claims prior right in the mark, and states that registration would be contrary to s. 3(6) of the Act, and s. 5(4)(a) of the Act.

2. A Counterstatement was provided by the applicants, in which the grounds of opposition are denied. Both parties ask for costs to be awarded in their favour.
3. The matter came to be heard on 23<sup>rd</sup> July 2002, where the opponents were represented by Timothy Gregory of T M Gregory, their trade mark agent. The applicants did not attend.

### EVIDENCE

4. The applicants did not submit any evidence, whilst the opponents have submitted a number of Statutory Declarations and Witness Statements, the content of which are briefly summarised as follows:
  - Statutory Declaration by Timothy Mark Gregory, the opponents’ Trade Mark Agent. His Declaration consists of submissions, which I will refer to in the course of this decision.
  - Witness Statement by Christopher Lee Middleton, a graphic designer, engaged by Norton Fabricators in 1996 to design a sales brochure for the TRANSFRAME product. Mr. Middleton claims to have seen a number of examples of the product being manufactured and stored on Norton Fabricators premises while preparing the document.
  - Witness Statement by Stuart Barber, Factory Manager of a packaging company, bears witness to the purchase by his firm of ‘approximately’ 9,000 ‘bag frames’ under the name TRANSFRAME between 1994 to 1997.

- Statutory Declaration by Janos Harca, Managing Director of Metalforce Limited, the opponents. I have summarised his evidence below.
- Statutory Declaration by Raymond Alfred Leonard Norton, Senior Partner of Norton Fabricators. His evidence is also summarised below.
- Witness Statement by Ian Renshaw, Operations Manger for RPC Containers Limited. He bears witness to use of the TRANSFRAME storage system, as supplied by Norton Fabricators, from 1995.

### History of events

5. None of the material above presented is challenged by the applicants, and from its factual content I have constructed the following history of events. I have also created a ‘date schedule’ of events, which is reproduced in the ANNEX to this decision.
6. Both Mr. Harca and Mr. Norton are the driving forces behind light engineering businesses, the former being Managing Director of Metalforce (the opponents), and the latter Senior Partner of Norton Fabricators, founded in 1987.
7. Mr. Harca and Mr. Norton collaborated on a number of ventures, beginning in 1993. In particular, they were engaged in a joint project in Slovakia in 1994 to develop a ‘stillage’ or ‘bag-frame’ comprising a large bag or sack, carried in a steel frame, which is used to transport and store various items. The key characteristic of this product was that it could be collapsed for easier transportation when not in use (it is fully described in Exhibit RALN4). At this time, the name TRANSFRAME was applied to the product, and the parties recorded their mutual interest in the project by a written agreement, dated 5<sup>th</sup> August 1994 (Exhibit JH1). The agreement states:

‘The Parties in this Agreement say:

- (1) The “Product” has been jointly developed and at all times will be shared equally be it in it’s present form as in the attached drawing or in any other re-designed form in the future.
- (2) The “Transframe” trademark has germinated during the same project, but it is recognised that the larger contribution has been made by Metalforce Ltd, therefore the ownership shall be as follows:

70% Metalforce Ltd;

30% Norton Fabricators.

The parties both agree that both the “Product” and “Transframe” belongs to each as stated above whether or not in future they further develop it jointly or individually irrespective of their contribution.

If either party wishes to sell its right in the “PRODUCT” and “TRANSFRAME” each party must always offer it to the other and always negotiated and agreed in writing. The

parties both agreements shall be relied upon only in the written form signed by both parties.'

8. It is plain from the evidence that the parties used the name from an early stage, it being a concept, but also clearly a mark of trade.
9. By 1995, Mr. Norton's 'companies' were selling what he describes as 'large numbers' of collapsible bag frames, within the UK, under the TRANSFRAME name (Declaration, paragraph 8). I examine the evidence supporting this below. He says that a 'tacit understanding had grown up ... between John Harca that my companies would use our TRANSFRAME name in the UK and Western Europe, while he would concentrate mainly on Central and Eastern Europe' (Declaration, paragraph 11).
10. In May 1997, Mr. Norton registered the company Transframe International Limited (TIL), with himself as managing director, with the declared intention of using it as the vehicle for the TRANSFRAME bag business if this '.. really took off.' By October 1999 Mr. Norton was unconvinced in this regard, and sought to have TIL struck off the Companies Register. He was persuaded not to by Mr. Lindsay Fairbairn, who had acted on his behalf as a company accountant since 1988. Mr. Fairbairn suggested TIL be used for a specific project under the TRANSFRAME name, and the striking off action was discontinued.
11. It was about this time that Mr. Harca, who had been previously tolerant of Mr. Norton's use of the name and product via his various companies, began to become concerned. He states (Declaration, paragraph 9):

'I met with Ray Norton to clear up the misunderstandings that had apparently grown up over our ownership and his use of the TRANSFRAME mark, and then contacted Lindsay Fairbairn to inform him of the true ownership of the mark. I first contacted Lindsay Fairbairn in late 1999. I contacted him again in late April or early May 2000, providing him with copies of the FCO documentation from the Metron AS venture, referred to above, to demonstrate my prior rights to the TRANSFRAME name. Nevertheless, on 20<sup>th</sup> May 2000 [this is an error; the date was 12<sup>th</sup> May], Transframe International Ltd applied to register a series of marks beginning with TRANSFRAME as their own. Although I was prepared to tolerate Ray Norton's personal use of the TRANSFRAME mark, as its joint devisor, I was not prepared to tolerate this.'
12. The suggested solution to Mr. Harca's disquiet was that he join TIL as a director making, at the same time, a substantial investment in the company. Mr. Fairbairn had also persuaded Mr. Norton that he, and two associates, should be invited to join the board of TIL as directors. The latter two were also to make a substantial investment in the company as an accompaniment to their appointment. This took place on 14<sup>th</sup> January 2000. Rod Norton, Mr. Norton's younger brother, and Malcolm Fairbairn (Mr. Fairbairn's brother) also joined the board, the latter as managing director.
13. A meeting of the board of TIL took place on 21<sup>st</sup> September 2000, according to Mr. Norton's Declaration. Mr. Harca states that the date was 21<sup>st</sup> September 2001. (I consider the latter date to be incorrect, in the light of Mr. Norton's further evidence relating to the date of events). At the meeting, Mr. Harca was proposed and accepted as technical director, and he and Mr. Norton argued that TIL should recompense Mr. Norton's companies (Norton Fabricators and Fabrication Consultants Limited) for the 'considerable design and development

work and production of prototypes' that those businesses had carried out in establishing the TRANSFRAME concept. This caused a falling out between the parties and Mr. Norton left the meeting, before it ended, 'in disgust.' Subsequently, Mr. Harca was informed that he was not wanted as a director or shareholder of TIL and a cheque representing his investment was returned.

14. Mr. Norton was informed by a supplier that only orders from certain TIL Directors could be accepted, and TIL continued to use the mark. On 6<sup>th</sup> November 2000, he resigned from the business. Mr. Fairbairn's position as Mr. Norton's company accountant was subsequently terminated by Mr. Norton. Finally, Mr. Norton states:

'As far as I am concerned, since 1994, I and my companies have put a great deal of effort into designing, promoting, producing and selling a range of stillages and similar products under the TRANSFRAME name. I went along with the use of the TRANSFRAME name by Transframe International Ltd, for particular goods, as long as I could exercise some control over this use, and it did not interfere with any existing use of the mark. However, Transframe International Limited have attempted to sever all links with me and with John Harca, whilst taking the TRANSFRAME name and goodwill for themselves alone. The only other persons entitled to the TRANSFRAME name, beside myself and my companies, are John Harca and his company Metalforce Ltd.'

#### Evidence of use of the mark

15. Material evidence use of the mark in the UK is as follows:

- In around 1995 (no date is given) some 2000 collapsible bag frames were sold to a UK customer for the storing and transporting of 'PET preforms' for drinks bottles. Exhibit RALN4 shows an example of an adhesive label attached to the frames, clearly showing the mark.
- In 1996, a colour brochure for the TRANSFRAME system was produced. A copy is shown at Exhibit RALN5. Norton Fabricators are given as the source of the product. The last page of this document contains endorsements from three customers. Two of these provide witness statements to these proceedings (Ian Renshaw and Stuart Barber), which I consider below. The last is from Bernard McGuinn, Operations Manager with Constar International, who states:

'We have found the Transframe System to be the ideal, cost-effective solution to our preform packaging needs.'

- Another brochure was produced in 1997 (Exhibit RALN6), depicting an improved form of the collapsible bag system, under the mark TRANSFRAME NF/C. Again, Norton Fabricators are given as supplier.
- Mr. Middleton states in his Witness Statement that, in 1996, he was asked to design a sales brochure for the TRANSFRAME product (this is the first brochure cited above). In the process of completing the design, from original drawings provided by Norton Fabricators and the opponents, he visited the former and saw a number of examples of the product being manufactured and stored on their premises, and in use at a bottle manufacturing plant in South Yorkshire and a plastics injection moulding company in

Northamptonshire.

- Mr. Barber, who worked for a manufacturer of a plastics company based in Northamptonshire and North Wales, bears witness to the purchase of ‘approximately’ 9,000 ‘bag frames’ under the name TRANSFRAME between 1994 to 1997.
- Finally, there is the Witness Statement of Ian Renshaw. He bears witness to use of the TRANSFRAME storage system, as supplied by Norton Fabricators, from 1995. He gives no indication of the extent of this use.

16. The early development of the mark described both by Mr. Norton (Declaration, paragraphs 3 to 7) and by Mr. Harca (Declaration, paragraphs 3 to 7): their activities in Slovakia, their application for FCO ‘know-how’ funding and the dti’s Marketing Initiative add nothing to their use of the name in the UK. This establishes their invention of the mark, and their intention to market the product of the same name in Central and Eastern Europe (see Harca, paragraph 4), but little else.

## THE DECISION

### Bad Faith: s. 3(6)

17. This section states:

‘A trade mark shall not be registered if or to the extent that the application is made in bad faith.’

This clause has its origins in Article 3(2)(d) of the Directive the Act implements (Council Directive No. 89/104/EEC of 21<sup>st</sup> December 1988):

‘Any 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 ...

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

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

‘I 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.’

18. In the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v Tan* [1995] 2 AC 378, Nicholls LJ described dishonesty as ‘..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:

‘In 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 placed 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.’

19. 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. Commenting on the passage from *Gromax* reproduced above, in *Demon Ale Trade Mark* [2000] RPC 355, the Appointed Person stated:

‘These observations recognise that the expression “bad faith” has moral overtones which appear to make it possible for an application for registration to be rendered invalid under section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant.’

20. The test for bad faith is (as it is for dishonesty) an objective one. The Hearings Officer in *Application N<sup>o</sup> 9914 for the invalidation of the trade mark AUTONET* (SIRIS O-257-00), dated 26<sup>th</sup> July 2000, stated:

‘Mr. Edenborough accepted that the test could include an objective element, but in his submission, it is primarily a subjective test. Clearly, if the applicant can be shown to have known he was acting dishonestly a finding of bad faith is likely to follow. But there will be other cases where, on the basis of his own state of knowledge, values and standards, an applicant believes he is acting in good faith when most reasonable persons would disagree. It cannot be right for the matter to depend upon the morals and values of the applicant. The test must therefore include an objective assessment of the actions of the applicant in the light of the facts he or she was aware of at the time.’

And also in *Demon Ale* the Appointed Person stated:

‘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 Philip 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.’

21. It remains the case, however, as stated by Mr. Simon Thorley Q.C., appearing as the Appointed Person in *R. v. Royal Enfield Trade Marks* [2002] R.P.C. 24, at paragraph 31:

‘31 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. 7 Ch.D. 473 at 489). In my judgment 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.’

22. In summary of these various citations, ‘bad faith’ under s. 3(6), therefore, is a solemn assertion to make against another: it is ‘fraud’, that is, the obtaining of material advantage by unfair means; dishonesty is obviously included, but not necessarily so: obliquity (‘crookedness’) is enough. The test is objective: would a reasonable and honest man consider the action taken to be in bad faith? Following *Gromax*, this can be rephrased as: Would a reasonable and honest man find that the behaviour in question fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined? In the language of *Royal Enfield*, would the behaviour be equivalent to a commercial fraud?
23. With this background in place, which sets out the nature of bad faith, I also need to say something about *when* s. 3(6) comes into effect. It is clear from this section that it applies to the state of affairs that existed at the time of *application* of the mark. And I should say, at this point, that whatever happened subsequently – unless it sheds light on the circumstances surrounding the application itself - is irrelevant. It is these circumstances I need to consider now.
24. Though Mr. Harca and Mr. Norton developed the TRANSFRAME system, by conduct, and by (in Mr. Norton’s words) ‘tacit agreement’, it was the latter who marketed the product in the UK, and it was also he who set up TIL with that continuing purpose in mind. Mr. Harca, at the very least, tolerated Mr. Norton’s use of the name in this manner.
25. Though Mr. Fairbairn was made to understand Mr. Harca’s interest in the TRANSFRAME concept and mark (see paragraph 12 above), it was not Mr. Fairbairn who applied for it, but the company TIL, for which, at the time, Mr. Norton was a director. The latter also had a stake in the name, and I see nothing here to suggest that TIL did anything Mr. Harca had specifically stood out against. Though he had made his ‘right’ in the mark known to Mr. Fairbairn - and he adds that he was not prepared to tolerate registration of the name by TIL - it is not suggested that Mr. Fairbairn was informed of this before registration occurred. As it was, the fact of becoming a member of the board of TIL was enough (if grudgingly) to satisfy Mr. Harca, and suggests that the application *per se* was not beyond the pale. Mr. Harca was concerned about control of the mark, but he does not appear to have been against registration

as such.

26. As for Mr. Norton, he was aware that registration was taking place: paragraph 18 of his declaration states:

‘I did not foresee any problems with Transframe International Ltd registering the TRANSFRAME marks - I believed that as a director of the company, and as the main contact with the customer, I would still be able in practice to control the use of the TRANSFRAME name. I also saw no reason to stop using it for business involving Norton Fabricators or Fabrication Contractors Ltd.’

27. In the light of this admission, there is nothing to show that, at the time it was made, those behind the application saw it as inimical to the latter’s rights, and thus equivalent to a commercial fraud. They did not ‘steal’ the mark, or register it against a background of facts that would have caused an honest and reasonable man to balk.
28. It is clear from *Royal Enfield* that bad faith must be ‘..distinctly alleged and distinctly proved’, on the balance of probabilities, on the basis of sound evidence and argument, which the other side is then entitled to rebut if they can. Any lack in the latter will, of course, invite inferences, but the basic contention must be first proved, and proved ‘distinctly’, as is in keeping with the serious nature of the allegation. Until then, a respondent is entitled to the benefit of a rebuttable presumption of innocence (see *Joseph Constantine SS Line Ltd v. Imperial Smelting Corporation Ltd* [1942] AC 154 at 192, 193 per Lord Wright). *Royal Enfield* adds that proof of bad faith will ‘rarely be possible by a process of inference’. I cannot infer, from the evidence before me, that the application was applied for in bad faith.
29. It seems to me that situation in which Mr. Harca and Mr. Norton find themselves comes about as the result of a board-room ‘bust up’ related to payment by TIL properly reflecting (in their view) the time and effort they had invested in development of the TRANSFRAME concept and mark. It was not about ownership of the mark at all, or about its registration. I see nothing here to suggest that the application by TIL was in bad faith. Even if the actions of certain members of the TIL board, following the board room meeting on 21<sup>st</sup> September 2000, are cast in an unfavorable light, this can have no effect on the nature of this application as such. Just as action after an event cannot sanitise an unlawful act, neither can it pollute one which was lawful at the time of its execution. The first ground fails.

Passing Off: s. 5(4)(a)

30. The next ground is passing off, under s. 5(4)(a). This states:

‘(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..’

31. The accepted reference at this point is the decision of Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* case [1998] 14 RPC 455 in which he gave a summary of the law of passing off. Essentially, the opponents need to show that at the relevant date (12<sup>th</sup> December 1999): (i) they had acquired goodwill under their mark, (ii) that use of the mark

would amount to a misrepresentation likely to lead to confusion as to the origin of their goods/services; and (iii) that such confusion is likely to cause real damage to their goodwill. As Lord Oliver states in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341, at page 406:

“The law of passing off can be summarised in one short general proposition - no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff.”

32. Goodwill has been variously defined: for example, as ‘Nothing more than the probability, that the old customers will resort to the old place’ (as per Lord Eldon in *Cruttwell v Lye*, (1810) 17 Ves 335 at 346) and, more famously, Lord Macnaghten’s ‘..the attractive force which brings in custom.’ The latter definition does not necessarily fix goodwill to a particular physical location, underlining the importance of a mark of trade as a token, or cipher, for the goodwill. Customers, on seeing the trade mark, are reassured the product to which it relates is of a particular quality and/or has certain features with which they are familiar, but the mark is not the goodwill. Following from this, the role of the law is to secure a traders goodwill under his name, the former being ‘.. a property right, for the protection of which a trade-mark is an instrumentality’ (*Prestonettes Inc. v Coty*, 264 US 359 at 368 (1924)).
33. Goodwill has to be earned by human endeavor: it is created by marketing and trade and is preserved by the same. Though it is possible that goodwill can emerge in a very short space of time, for example, in the context of very great exposure in the media (the *British Broadcasting Corporation v Talbot Motor Company Ltd.* [1981] FSR 228), it usually requires time and effort, unless there are special circumstances (see, for example, *Stannard v Reay* [1967] RPC 589).
34. Against this background, it is clear that this common law tort cannot provide any right for the inventors of a mark *per se*. That only occurs when the mark is used in trade on a product, and goodwill in the business develops, for which the mark is the indicium. In view of this, I cannot conclude that the opponents to this matter had any goodwill under the name at the date of application. In fact, Mr. Norton suggests they did not, at paragraph 11 of his Declaration:

‘A tacit understanding had grown up by this time between John Harea and myself that my companies would use our TRANSFRAME trade name in the UK and Western Europe, while he concentrated mainly on Central and Eastern Europe.’

There is simply no evidence that Metalforce traded in the UK under the name at all. Neither is

there any direct claim that they did. However, this is not the end of the opponents' action, as the Statement of Grounds is drawn up in the following terms:

'By virtue of the use made of the trade mark TRANSFRAME by the Opponents *and by Norton Fabricators since 1994*, substantial goodwill has been built up in the United Kingdom in respect of the word TRANSFRAME applied to storage and transport containers and apparatus. This goodwill is protectable under the law of passing off, and therefore constitutes an "earlier right" under the terms of section 5(4)(a) of the Trade Marks Act 1994' (emphasis mine).

Though the opponents cannot hope to win this ground on their own account, they also claim that Norton Fabricators have a protectable right under s. 5(4)(a).

35. And there is evidence to support the contention that Mr. Norton's enterprises, in particular Norton Fabricators, did appear to have engaged in trade under the mark. However, even Mr. Norton did not regard this as large enough to support the existence of TIL:

'Sales of the TRANSFRAME bag frames had not reached levels at which it was worth channelling them through Transframe International Ltd as a separate business. An application was therefore filed on 6th October 1999 to have Transframe International Ltd struck off the Companies Register.'

Nevertheless, there was clearly some business, which I have summarised above in paragraph 15. Before examining this, I note the following, from *South Cone Inc v Bessant* [2002] R.P.C. 19:

'27 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.

28 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.'

36. I have some difficulty with the evidence submitted by Mr. Norton. There is none of the usual receipt or turnover evidence usually submitted in a passing off claim – I am unable to come to any conclusion on the extent of the trade under the mark. I note from a recent passing off case (*Burge v Haycock* [2002] RPC 28, at paragraph 37, the Court of Appeal, referring to *Chocosuisse Union des Fabricants Suisses de Chocolat v. Cadbury Ltd* [1999] R.P.C. 826,

restated the principle that ‘..that goodwill need not be established in the mind of every member of the relevant public, but in a significant section of it.’ The relevant public, here, are traders who wish to store or transport particular non-perishable items: plastic goods are an example, and I must assume that the potential market is vast. Without evidence of the extent of sales, it is difficult to establish the degree to which Norton Fabricator’s goodwill rises above the *de minimis* level.

37. However, I think I would be harsh to find that there was no goodwill in the name at the date of application. Clearly there has been trade under the mark, and it has been, based on the evidence in paragraph 15, not inconsiderable. I find that there was protectable goodwill, on behalf of Norton Fabricators, in the name TRANSFRAME, at the relevant date.
38. Following from this finding, I do not believe that I need to dwell on misrepresentation and damage, as they clearly follow. Consequently, the opponents win on this ground, and the application fails.
39. However, there is an outstanding point. TIL was the creation of Mr. Norton, the driving force behind Norton Fabricators, of which he is the Senior Partner, and described (with another of his businesses) ‘..as a single undertaking [operated] under my personal direction.’ There is nothing to suggest that he did not so regard TIL. Mr. Norton was on the board when the decision to register was made, and he was aware of the registration. It could thus be argued that this amounts to a consent to use of the mark by TIL. In fact, that was the very reason why Mr. Norton decided not to strike it off the company register – see paragraph 11 of his Declaration, where the business is proposed and accepted to be the vehicle of supply for a single order (there is nothing to suggest that this took place).
40. In view of this, it may well be the case that the applicants might have been able to take advantage of an estoppel defence to passing off, on the basis of an implied consent to its registration (see, for example, *Cole v Need* [1934] A.C. 82 and *Roberts Numbering Machine v Davis* (1936) R.P.C 79; and also the conditions for estoppel described in Wadlow’s *The Law of Passing Off* paragraph 7.23). However, this was not pleaded in their Counterstatement, and I have not considered it further.
41. The opposition is successful, and the opponents are entitled to a contribution to their costs. The applicants are ordered to pay them £1700. This sum reflects the reproduction of evidence in this matter, and in opposition No. 52234. It is to be paid within seven days 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 08 Day of August 2002.**

**Dr W J Trott  
Principal Hearing Officer  
For the Registrar.**

## ANNEX

1987	Norton Fabricators set up Mr. Norton. Lindsay Fairbairn acts as business accountant from 1988.	Norton, para. 1 and para. 19.
1991	Metalforce Limited, the opponents, are founded.	Harca, para. 1.
1993	Business begins with Norton Fabricators.	Harca, para. 2; Norton, para. 2.
1994	Stillage developed by Metalforce and Norton; manufactured by the latter; called by the Trade mark TRANSFRAME. The product was to be supplied 'throughout Europe'.	Harca, para. 3; Norton, paras. 3 and 4.
August 1994	Agreement drawn up recording joint ownership of design and noting trade mark name.	Harca, para. 4; Exhibit JH1; Norton para. 5; Exhibit RALN1.
October 1994/ January 1995	Feasibility study and FCO grant aid application. TRANSFRAME name is used.	Harca, Para. 5, 6; Exhibits JH2 and JH3; Norton, para. 6; Exhibit RALN2.
February 1995	Name used of product in report for dti.	Harca, para. 7; Exhibit JH4; Norton, para. 7; Exhibit RALN3.
1995	Mr. Norton says that 'his companies' were producing and selling 'large numbers' of bag frames under the TRANSFRAME mark. This appears to include Norton Fabricators (see Exhibit).	Norton, para. 8; Exhibit RALN4.
1996	Brochure produced for TRANSFRAME system.	Norton, para 9; Exhibit RALN5.
1997	Variations on the TRANSFRAME system developed.	Norton, para. 10; Exhibit RALN6.

23 <sup>rd</sup> May 1997	Transframe International Limited (TIL) formed by Ray Norton, to supply product in UK. Lindsay Fairbairn, accountant, becomes involved.	Harca, para. 8; Norton, para. 12.
October 1999	Due to low level of business, Mr. Norton seeks to strike TIL from the Company Register. Mr. Fairbairn counsels against such, and action discontinued (15 <sup>th</sup> December).	Norton, para.14.
1999	Mr. Fairbairn contacted by Mr. Harca claiming rights in the ownership of the mark.	Harca, para. 9.
April/ May 2000	Mr. Fairbairn shown FCO application documentation demonstrating ownership of mark.	Harca, para. 9.
14 <sup>th</sup> January 2000	Mr. Fairbairn becomes Financial Director of TIL, other investing Directors join, including Mr. Malcolm Fairbairn (Managing Director) and Mr. Rod Norton, both siblings of Mr. Fairbairn and Mr. Norton, respectively.	Norton, para. 15.
17 <sup>th</sup> February 2000	TIL files patent application for stillages for specific customers.	Norton, para. 18.
12 <sup>th</sup> May 2000	TIL applies to register mark.	Harca, para. 9; Norton, para 18.
21 <sup>st</sup> September 2000 [1?]	Agreement mooted that Mr. Harca join company as technical Director, making 'substantial investment'; he is at first accepted, but subsequently rejected.	Harca, para. 10; Norton para. 21.
6 <sup>th</sup> November 2000.	Mr. Norton resigns from TIL after being informed by a supplier that only orders from certain TIL Directors could be accepted. TIL continues to use mark. Mr. Fairbairn's position as Mr. Norton's company accountant terminated by Mr. Norton.	Harca, para. 11; Norton para. 22, 23; Exhibit RALN9.
10 <sup>th</sup> November 2000	Metalforce applies for mark and opposes instant application.	Harca, para. 11.