

O-168-19

TRADE MARKS ACT 1994

IN THE MATTER OF AN APPLICATION
BY EPIC SOCIAL LIMITED
TO REGISTER TRADE MARK 3264161:

THE SOCIAL CO.

IN CLASS 35:

AND AN OPPOSITION THERETO UNDER NO. 412006
BY THE SOCIAL CO. LIMITED

BACKGROUND AND PLEADINGS

1. On 17 October 2017, Epic Social Limited ('the applicant') applied to register the above trade mark in class 35 for the following services:¹

Class 35

Advertisement for others on the Internet; Advertising, including promotion of products and services of third parties through sponsoring arrangements and licence agreements relating to international sports events; Advertising, marketing and promotion services; Advertising on the Internet for others; Advertising services provided over the internet; Advertising services provided via the internet; Advertising via electronic media and specifically the internet; Advertising via the Internet; Business management consultancy via the Internet; Consulting services in the field of Internet marketing; Dissemination of advertisements via the Internet; Dissemination of advertising for others via an on-line communications network on the internet; Dissemination of advertising for others via the Internet; Internet marketing; Presentation of companies and their goods and services on the Internet; Presentation of companies on the Internet and other media; Promoting the goods and services of others over the Internet; Promoting the goods and services of others through advertisements on Internet websites; Promotion of goods and services through sponsorship of international sports events.

2. The application was published on 22 December 2017, following which The Social Co. Limited ('the opponent') filed a notice of opposition against all of the services in the application.

3. The opponent bases its case on sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 (the Act). For the purposes of the first of these grounds it relies on the following signs and services:

**THE
SOCIAL
CO.**

¹ International Classification of Goods and Services for the Purposes of the Registration of Marks under the Nice Agreement (15 June 1957, as revised and amended).

And:

The Social Co. Limited

4. The opponent claims that both signs were first used on 18 September 2017 in the north of England, for marketing consultancy services; advertising consultancy services and business consultancy services.

5. With regard to the stylised sign the opponent submits the following:

10) All the applied for services in the Application can be categorized as “marketing consultancy services”, “advertising consultancy services” or “business consultancy services”. Accordingly, the applied for services are identical or similar to those for

**THE
SOCIAL
CO.**

which the Opponent owns goodwill in

**THE
SOCIAL
CO.**

11) Due to the similar or identical nature of **THE SOCIAL CO.** and “THE SOCIAL CO.” and the similar or identical nature of the services in question, it is likely that use of the Application by the Applicant would misrepresent the Applicant’s services as the Opponents, or that the Applicant’s services are licensed by the Opponent. Such representations would be false, and likely to cause damage to the Opponent’s goodwill.

12) In light of the above, it is contended that the use of the registration of the Application would be contrary to the tort of passing off, and should therefore be refused under section 5(4)(a) of the Act.

6. The opponent makes the same submission with regard to its second sign relied on, The Social Co. Limited, adding that:

“15) The only material difference between the Application and ‘The Social Co. Limited’ is the addition of the word ‘Limited’. Such an addition merely informs the consumer that the Opponent is a limited company, and is therefore non-distinctive. Therefore the Application and ‘The Social Co. Limited’ are visually aurally and conceptually similar...”

17) It is therefore contended that the use of the registration of the Application would be contrary to the tort of passing off, and the Application should therefore be refused under section 5(4)(a) of the Act.”

7. With regard to the s.3(6) ground, the opponent submits:

“18) The Opponent asserts that, at the time the Application was filed, the Applicant knew or must have known, that the Opponent was using an identical or similar sign for identical or similar services capable of being confused with the Application. The Opponent asserts this because a consultant of the Applicant had intimate knowledge of the Opponent's business, as a result of formerly being a consultant of the Opponent.

19) The consultant in question is Mr Benjamin Maughan. Between the dates of Monday 3 April 2017 to Thursday 14 September 2017 Mr Benjamin Maughan was a consultant to the Opponent through Mr Maughan's registered company Unicus Media Limited. His roles for the Opponent included assisting with various elements regarding the rebranding of the company from THE SOCIAL KEY to THE SOCIAL CO, and researching trade mark registration.

20) At no point before, during or after the termination of Mr Maughan's contract at the Opponent was it agreed between Mr Maughan and the Opponent, explicitly or implicitly, that Mr Maughan had any proprietary rights to the name 'THE SOCIAL CO .', or any variation of that name.

21) In September 2017, Mr Maughan became 'Managing Director' of the Applicant. On 17 October 2017, the Application was filed by the Applicant. The Application is identical or similar to the Opponent's brand name, for identical or similar services. It is likely that the Opponent's mark will be confused with the Application.”

8. The applicant filed a counterstatement in which it requests that the opponent proves it has the necessary goodwill in its signs relied on and submits:

“6... The Applicant has proprietary rights to the word mark ‘THE SOCIAL CO.’. At the time of the Applicant’s filing for [the contested mark] the Opponent’s goods and services had not yet established any reputation amongst members of the public, nor had the Applicant begun to use the mark in the course of trade...

12. At no stage was it agreed that Mr Maughan would assign his intellectual property rights to the Opponent. Furthermore, there was no agreement between the two parties either orally or in writing between as [sic] to ownership or proprietary rights of any intellectual property whilst in the course of employment or otherwise...

15...The Applicant stopped consulting for the Opponent on 13th September 2017 and from that moment ceased to have any knowledge of the Opponent’s business, strategy or intentions. The Opponent filed for their mark on 11th December 2017, two months after the Applicant filed for [the contested mark]. Therefore, the Applicant has at all times had a proprietary right and was unaware the Opponent would be seeking to utilize his intellectual property to rebrand their business.”

9. The opponent filed evidence and submissions in lieu of a hearing. The applicant filed neither.

10. Both sides seek an award of costs.

EVIDENCE

Witness statement of Daniel Jackson, dated 10 August 2018, and exhibit DFJ1

11. Mr Jackson is a graphic designer trading under the name DFJ Graphic Design. He explains his relationship with the opponent in the following terms:

“3. On 15 August 2017, I was approached by Kane Haig, James Ogilvie, Philip Sutcliffe and Benjamin Maughan with regards to designing a logo: I was advised by the Kane, James, Philip and Benjamin that they wished to rebrand ‘Social Key’ - the name they traded under at the time, to another name.”

12. He describes the rebranding process as follows:

“4. I worked in the same office as the aforementioned throughout the rebrand process and witnessed the brainstorming process between Kane, James, Philip and Benjamin for the Social Key rebrand. They had numerous different brand names ideas written on the whiteboard in their office, and ultimately decided that ‘The Social Co.’ was the name they wanted to use, instead of ‘Social Key’.”

13. Mr Jackson submits that he designed ‘four logo and branding concepts’ which were presented to the four individuals referred to in paragraph 3 of his statement. He says that on the 26 August 2017 all four individuals provided verbal feedback, following which, Mr Jackson designed, “the final logo, branding style and colour scheme”. He further submits:

“6. All 4 agreed on the final logo and brand concept. As far as I am aware, the brand concept I designed for Kane, James, Philip and Benjamin is the logo The Social Co. Limited are still using at the time of signing this statement.”

14. Mr Jackson states that following payment of his invoice for the design work outlined above:²

“8...I assigned all unregistered rights, including all copyrights, in relation the work I had done for ‘The Social Co.’ rebrand to Social Key Limited (England & Wales company number 09717569), which then later changed its name to ‘The Social Co. Limited’.”

² Mr Jackson provides a copy of the invoice at exhibit DFJ1 attached to his statement.

Witness statement of Kane Haig, dated 10 August 2018, and exhibits 1-22

15. Mr Haig is a director of the opponent, a position he has held since the incorporation of the company on 4 August 2015.

16. The Social Co. Limited is the third company under which the opponent has provided its business. I provide the following outline of the company names and relevant dates, taken from Mr Haig's statement and exhibit 1, which, in turn, is taken from the company record at Companies House:

| | |
|-------------------------------|------------------------|
| 4 August 2015 – 3 April 2017 | Zeroguilt Limited |
| 3 April 2017 – 31 August 2017 | Social Key Limited |
| 31 August 2017 – present | The Social Co. Limited |

17. Mr Haig states that he incorporated The Social Co. Limited with his business partners, Phillip Sutcliffe and James Ogilvie.

18. Since January 2016 he says that the company has provided business consultancy services to clients, with a particular focus on assisting in relation to social media. Mr Haig submits that the particular areas of focus are:

- Management of social media accounts
- Advertising on social media
- Providing social media strategies
- Offering advice and assistance with regard to social media 'influencers'
- Providing analytics of social media accounts

19. Turnover and advertising figures are provided as follows:

| Year: | Turnover: | Advertising: |
|-------|-------------|--------------|
| 2016 | £9508.00 | - |
| 2017 | £107,276.00 | £8,500.00 |

20. Mr Haig provides a sample of twenty invoices dated between 18 September 2017 and 2 October 2017,³ as follows:

| Invoice no | Date | Region of recipient | Amount |
|---------------|------------|-------------------------|------------------|
| INV-0050 | 18/09/2017 | UK – North East England | £540.00 |
| INV-0052 | 18/09/2017 | UK – North East England | £600.00 |
| INV-0053 | 18/09/2017 | UK – North East England | £598.80 |
| INV-0054 | 18/09/2017 | UK – North East England | £60.00 |
| INV-0056 | 21/09/2017 | UK – North East England | £162.00 |
| INV-0057 | 21/09/2017 | UK – North East England | £113.94 |
| INV-0058 | 21/09/2017 | UK – North East England | £402.00 |
| INV-0059 | 28/09/2017 | UK – North East England | £900.00 |
| INV-0060 | 28/09/2017 | UK – North East England | £312.00 |
| INV-0064 | 02/10/2017 | UK – North East England | £144.00 |
| INV-0074 | 10/10/2017 | UK – North East England | £60.00 |
| INV-0077 | 18/09/2017 | UK – North East England | £180.00 |
| INV-0078 | 25/09/2017 | UK – North East England | £180.00 |
| INV-0079 | 02/10/2017 | UK – North East England | £180.00 |
| INV-0080 | 13/10/2017 | UK – North West England | £1,111.00 |
| INV-0082 | 16/10/2017 | UK – North East England | £196.80 |
| INV-0084 | 16/10/2017 | UK – North East England | £144.00 |
| INV-0085 | 16/10/2017 | UK – North East England | £600.00 |
| INV-0087 | 16/10/2017 | UK – North East England | £540.00 |
| INV-0109 | 02/10/2017 | UK – North East England | £234.00 |
| Total: | | | £7,258.54 |

21. The invoices are for work carried out with clients in a number of towns and cities in the North East of England and show the opponent providing a range of design and print services, advertising and marketing services and social media management services. The invoices range in value from £60 for business card printing to £1111 for marketing advice, design and the subsequent printing of festival brochures for a Merseyside festival.⁴ The following is shown in the top left corner of each invoice:



22. In his witness statement Mr Haig explains that the opponent provides its services to a range of businesses which include, inter alia, a corporate funfair, a gymnasium,

³ See exhibit 3.

⁴ Paragraphs 14-26 of Mr Haig’s witness statement provides detail for each of the invoices.

bars and restaurants, an energy and water bill negotiator, a hairdresser, a property developer, a mortgage broker, a festival organiser and a men's clothing company.

23. In addition, Mr Haig explains how some of the opponent's customers (to whom the invoices relate) came to use its services. Most of these customers approached the opponent following word of mouth recommendation and some represent repeat business. There is also an example of a contact made directly to the customer by one of the opponent's directors.

24. At paragraph 27 of his statement Mr Haig submits:

"...I can confirm that we are quickly becoming very well known in the north east of England. This is partly due to the high level of service we provide to our clients, but also due to the fact that we attend a large number of networking events, and present at conferences for small businesses. During the period between 31 August and 17 October 2017, I would say that the number of clients we provided services to...is only about 20% of the amount we tried to sell services to. The other 80% would therefore have knowledge of who we are, what services we provide and to some extent how we provide those services..."

25. The opponent provided an example of a video it posted on its own *facebook* page which provides advice for making social media videos.⁵ The post is dated 13 June. The page was printed on 8 August 2018. The fact that a year is not shown for the date on which the video was posted suggests that it relates to the same year, 2018 (after the relevant date). At the time of printing, the video had achieved 4.6K views.

⁵ See exhibit 2.



26. With regard to the opponent's case under section 3(6) of the Act, Mr Haig states that Mr Benjamin Maughan began working with [the opponent] on 3 April 2017.

27. He submits that Mr Maughan's start date can be corroborated by his public profile on Linked In which states that he began working at 'Social Key PR' in April 2017.⁶

28. Mr Maughan was engaged with [the opponent] as a contractor, and was paid via his company Unicus Media Limited for his services. Unicus Media Limited was dissolved on 9 January 2018, but [the companies register] shows that Mr Maughan was the only listed officer of the company.⁷

29. Mr Haig submits that Mr Maughan's role was business development. He provides a selection of emails from Mr Maughan, on behalf of the company, to a number of the opponent's customers in which he was arranging follow up meetings after they had expressed an interest in the opponent's services. Mr Haig also provides a sales report

⁶ See exhibit 5.

⁷ See exhibit 6.

from Mr Maughan sent to the opponent's directors showing a selection of the sales he had brought in to the company in July 2017.

30. Mr Haig states that during the time Mr Maughan worked with the opponent it was beginning the process of rebranding from 'The Social Key' to 'The Social Co.' He submits:

"40...As a valued member of the team during the time he worked with us, Mr Maughan was included in that process. However, the name was not his idea (as was suggested in the Applicant's "Defence and Counterstatement" at paragraph 12), nor was it ever agreed (implicitly or explicitly) that he held any proprietary rights in the name. In fact, the name was my idea, and any moral rights therefore belong to myself, or [the opponent] as my employer."

31. In support of this statement, Mr Haig provides a print of a facebook conversation between Mr Maughan and the opponent's directors in which Mr Maughan posted a version of the new branding for The Social Co. He praised the simplicity of the design and commented that, 'Terry Collins liked our new name by the way. Said it sounds more professional.'⁸

32. Following the new name being decided, the opponent approached a graphic designer. The first concepts were presented to the opponent on 25 August 2017 and were signed off on the 26 August. DFJ Graphic Design's invoice was paid on 29 August 2017 by Mr Haig.

33. Mr Haig provides a copy of the design contract, signed by him, along with the branding concepts. Included in the same exhibit is an email sent by the graphic designer to 'James, Benjamin, Kane and Phil' on 25 August 2017. The title is 'so co. branding' with an attachment called 'Social_Co_Logo...'⁹

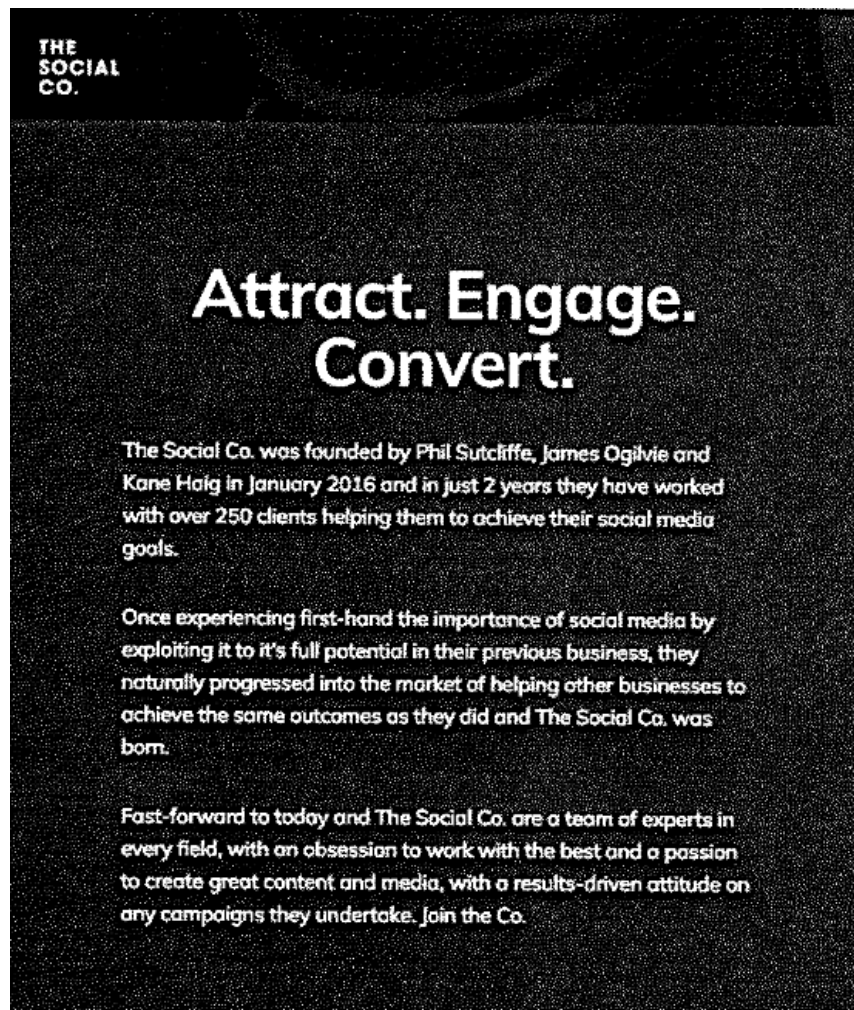
34. Mr Haig states that following the logo being finalised the opponent updated its office stationery, signage, email signatures and website. It had already purchased the

⁸ See exhibit 8.

⁹ See Exhibit 9

domain name, www.thesocialco.co.uk, on 16 August 2017 and on 31 August, requested a change of name at Companies House.¹⁰

35. The following is taken from the opponent's website www.thesocialco.co.uk under the 'About Us' heading. It was printed on Friday 3 August:



36. Mr Haig submits that, "without warning, Mr Maughan advised us that he would no longer be working with [the opponent] on 14 September 2017." Mr Haig exhibits a redacted email from Mr Maughan, to the opponent's directors, of the same date¹¹ and points to the following items of note:

- Mr Maughan suggests that once he has left all of his passwords are changed.

¹⁰ See paragraph 43 of Mr Haig's witness statement.

¹¹ See exhibit 13.

- Mr Maughan relinquished access to the opponent's primary website, www.thesocialco.co.uk and the development site, www.thesocialdeveloper.co.uk.
- Mr Maughan stated that he would take, 'the TV and the google chrome cast as they are both mine'.

37. Mr Haig further submits:

"45. At Exhibit 14 I exhibit 2 text messages from Mr Maughan to myself dated Wednesday 20 September 2017. As can be read in the exhibit, Mr Maughan advised me that he would no longer be working with the firm due to the fact he "set up a digital agency and we are going to be offering social media". Mr Maughan advised in the message that he wished to take two of TSCL's clients with him, but nothing else - certainly not the name "The Social Co." We were shocked by Mr Maughan's swift departure from TSCL, and assumed that our contact with him would end at this point."

DECISION

38. I will first consider the opponent's case under section 5(4) of the Act which states:

"5(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade...
- (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."

39. In *Discount Outlet v Feel Good UK*,¹², Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

40. Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 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.

¹² [2017] EWHC 1400 IPEC

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

41. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*,¹³ Mr

¹³ BL O-410-11

Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act:

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

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

42. The filing date of the subject trade mark is 17 October 2017. The applicant, in its counterstatement, claims to have, “...at all times had a proprietary right” to that of the opponent but this appears to be based on the filing of the contested application. No evidence or submissions have been advanced which claim a prior date of use by the applicant and accordingly, the matter need only be assessed as of 17 October 2017.

Goodwill

43. The first hurdle for the opponent is to show that they had the required goodwill at the relevant date. In *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL), the Court stated:

“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.”

44. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“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.”

45. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] 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.”

46. In its counterstatement the applicant submits that:

“The opponent was previously trading as ‘Social key’ until on 17th September 2017, the Opponent changed its company name to ‘The Social Co. Limited’ at no stage from 17th September 2017 to 26th October 2017 did the opponent establish any goodwill in either the sign [The Social Co. logo] or the sign ‘The Social Co. Limited’.”

47. In its written submissions the opponent submits that the goodwill it has generated in the relevant period under the signs relied on is more than trivial.

48. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

49. It has long been established that a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

50. I also bear in mind the decision in *Stannard v Reay*,¹⁴ in which protectable goodwill was generated as a result of a three-week period of trading by a single mobile fish and chip van on the Isle of Wight; and *W3 v easyGroup*,¹⁵ in which Arnold J found that the claimant had generated, ‘a modest, but nevertheless sufficiently substantial, goodwill’ as a result of there being only 109 registered users of a UK website over a period of less than two months (although with many more visitors) and without the website having generated any revenue at all.

See also: *Teleworks v Telework Group*¹⁶ and *Lumos Skincare Limited v Sweet Squared Limited and others*.¹⁷

51. The evidence in its totality shows that the opponent’s business operated from some time in 2016 and provides a range of advertising and marketing services. The information Mr Haig has provided in support of the invoices, for the relevant period, gives detailed descriptions of the services offered to each customer and explains the nature of the work carried out by the opponent. The services offered include management of clients’ social media accounts as well as consultation concerning marketing strategy, design and the provision of finished materials such as brochures. Prior to August 2017 the opponent’s business operated under signs other than the one at issue here. It is clear from Mr Haig’s evidence that following the rebrand of its business in August 2017 the opponent provided

¹⁴ [1967] FSR 140

¹⁵ [2018] EWHC 7 (Ch), p.366

¹⁶ [2002] RPC 27 (HC)

¹⁷ [2013] EWCA Civ 590 (COA)

its services under the sign The Social Co. shown in plain word form in the text of its website and in the following form in the top left corner of each of the invoices provided by the opponent:



52. Those invoices are dated between 18 September 2017 and 16 October 2017 and amount to £7258.54 for approximately one month. This would appear to be consistent with the annual turnover figure for 2017 of over £107,000.

53. The invoices relate to sales to businesses in South Shields, Newcastle, Durham and Merseyside. This issue of 'localised' goodwill was considered in *Chelsea Man Menswear Limited v Chelsea Girl Limited and Another*¹⁸ where it was held that the plaintiff had a strong reputation and goodwill in certain parts of the UK. The case concerned an injunction but the geographic principles identified by Dillon L.J. are analogous to the situation before me. He concluded:

“If it be assumed, for the sake of argument, that the injunction were confined to the three proposed restricted areas, it also has to be assumed that there is a live possibility, perhaps amounting to a probability, that the defendants with their large resources and wide chain of existing shops, would soon be using the name ‘Chelsea Man’ in trading in towns close to the borders of some or all of those areas.

I do not propose to embark on a further examination of the evidence of which counsel on both sides have given us a careful and helpful analysis. In my judgment, it clearly shows that the use by the defendants of this name or mark even outside such areas would be likely to cause substantial confusion between the plaintiffs' and defendants' respective businesses, and thus to cause damage to the plaintiffs' business within those areas...”

54. In its submissions the opponent draws my attention to the fact that the north of England is large in both land mass and population and that, in addition, it has a business

¹⁸ [1987] RPC 189 (CA)

network far wider than its client base by virtue of its attendance at conferences and networking events. It also points to the fact that it sells its services to a wide range of industries so that its goodwill is wide and diverse. The types of advertising services provided by the opponent are not the types of services which are limited to a particular geographic location in the way that a single store would be but, I would think, may be provided online between a variety of locations. In any case, even if the goodwill were localised to the north east of England, this does not prevent the claim succeeding since the registration is a UK registration which, notionally, may be used in the same geographic area.

55. Whilst the period in which the opponent could show goodwill in this case is somewhat short, the opponent has provided coherent evidence which, in the case of the invoices includes considerable explanation of the way in which the customer encountered the opponent and the services the opponent went on to provide. I find that, in its totality, the evidence provided by the opponent is sufficient to show it had a protectable goodwill in the UK at the relevant date, namely 17 October 2017.

56. The sign relied upon by the opponent is used in the text of the opponent's website in word form, The Social Co. The slightly stylised version with the words presented above one another is used on the opponent's invoices and on its website as page headers. In both cases, the use shown is such that the goodwill is associated with the words, per se. The goodwill rests in advertising and marketing services.

Misrepresentation

57. In *Neutrogena Corporation and Another v Golden Limited and Another*, [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is:

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

The same proposition is stated in Halsbury’s Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden’s Application* (1945) 63 R.P.C. 97 at page 101.”

58. And later in the same judgment:

“.... for my part, I think that references, in this context, to ‘more than *de minimis*’ and ‘above a trivial level’ are best avoided notwithstanding this court’s reference to the former in *University of London v. American University of London* (unreported 12 November 1993). It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

59. I have found the applicant to have goodwill in respect of advertising and marketing services. The opponent makes its passing off claim in respect of all of the applicant’s services, ‘Marketing consultancy services; advertising consultancy services; business consultancy services.’ Marketing consultancy services and advertising consultancy services are clearly included within and identical to the opponent’s advertising and marketing services. Business consultancy, whilst not identical to the opponent’s services, has a considerable area of overlap. I have no evidence on this point but it is my understanding that a business consultant advises a business on its performance and aims to make it more successful. Such services may well include advice relating to a business’s marketing and advertising approach. I find that there is a low to medium degree of similarity between these services.

60. The opponent's goodwill is associated with the sign The Social Co. The applicant's mark is 'THE SOCIAL CO.'. I find these to be identical marks.

61. I come to the firm view that the use shown by the opponent is such that the words The Social Co. will be seen as an indication of the commercial origin of the services in relation to which it is used. The sign is distinctive of the opponent.

62. Assuming use of the application in respect of identical and similar services, I find that a substantial number of the public would have been deceived at the relevant date. In conclusion, a normal and fair use of the applicant's mark at the relevant date would have constituted a misrepresentation to a substantial number of people.

Damage

63. Having found that the goodwill and misrepresentation limbs of the test have been satisfied in respect of some of the goods and services, it follows that damage to the opponent's goodwill will arise, most obviously, by diverting trade from the opponent to the applicant.

64. Damage can also be wider than simply a loss of sales. In *Maslyukov v Diageo Distilling Ltd* Arnold J stated:

“85 Secondly, counsel submitted that the hearing officer had wrongly failed to recognise that damage resulting from Diegeo's loss of control over the marks, including erosion of distinctiveness of the marks, was sufficient damage to sustain a passing off action, as shown by the following passage from McAlpine at [20] which the hearing officer himself quoted at para.128 of the decision:

“When it comes to considering damage, the law is not so naïve as to confine the damage to directly provable losses of sales, or ‘direct sale for sale substitution’. The law recognises that damage from wrongful association can be wider than that. Thus in *Ewing v Buttercup Margarine Ltd* (1917) 34 R.P.C. 232 Warrington L.J. said:

‘To induce the belief that my business is a branch of another man's business may do that other man damage in all kinds of ways. The quality of the goods I sell; the kind of business I do; the credit or otherwise which I might enjoy. All those things may immensely injure the other man, who is assumed wrongly to be associated with me.’

In so saying, he was not limiting the kinds of potential damage to those listed by him. Rather, he was indicating that the subtleties of the effect of passing off extend into effects that are more subtle than merely sales lost to a passing off competitor. In *Associated Newspapers Ltd v Express Newspapers* [2003] F.S.R. 909 at 929 Laddie J. cited this passage, referred to other cases and went on to say:

‘In all these cases [that is to say, the Clock Ltd case referred to above and *Harrods v Harrodian School* [1996] R.P.C. 679], direct sale for sale substitution is unlikely or impossible. Nevertheless the damage to the claimant can be substantial and invidious since the defendant's activities may remove from the claimant his ability to control and develop as he wishes the reputation in his mark. Thus, for a long time, the common law has protected a trader from the risk of false association as it has against the risk of more conventional goods for goods confusion.’

The same judge expressed himself more picturesquely, but equally helpfully, in *Irvine v Talksport Ltd* [2002] 1 W.L.R. 2355 at 2366. Having pointed out the more familiar, and easier, case of a defendant selling inferior goods in substitution for the claimant's and the consequential damage, he went on to say:

‘But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a defendant cannot avoid a finding of passing off by showing that his

goods or services are of as good or better quality than the claimant's. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus Fortnum and Mason is no more entitled to use the name FW Woolworth than FW Woolworth is entitled to use the name Fortnum and Mason ...' 'The law will vindicate the claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity.' (at 2368)

65. In *Taittinger SA v Allbev Ltd* [1994] 4 All ER 75 at 88, Peter Gibson L.J. acknowledged that:

“Erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses.’ The same view was expressed by Sir Thomas Bingham MR at 93.”

66. To illustrate the point further, I note that in *WS Foster & Son Limited v Brooks Brothers UK Limited*,¹⁹ Mr Recorder Iain Purvis QC stated:

“Damage

55 Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark. Mr Aikens accepted that if there was a misrepresentation in the present case, then he had no separate case on

¹⁹ [2013] EWPC 18

damage. I hold that damage is inevitable, at least in the sense recognised in *Sir Robert McAlpine v Alfred McAlpine* [2004] RPC 36 at 49 (the ‘blurring, diminishing or erosion’ of the distinctiveness of the mark).”

67. I therefore find that use of the applicant’s mark at the relevant date was liable to be restrained under the law of passing off in respect of the services I have identified above.

68. The opposition succeeds under section 5(4)(a) of the Act.

The opposition under section 3(6)

69. Section 3(6) of the Act states:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

70. The law relevant to this ground was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*²⁰ in the following terms:

“131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

²⁰ [2012] EWHC 1929 (Ch)

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that

knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41...in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without

any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

76. The relevant date for the assessment to be made under this ground is the date of application of the contested mark, namely, 17 October 2017. The following facts are demonstrated by the opponent's evidence:

Mr Maughan was employed by the opponent as a consultant and was paid through his own company Unicus Media Limited for his services.

Mr Maughan worked in business development and was involved with the opponent on its rebranding from The Social Key to The Social Co.

Mr Maughan was privy to the entire rebranding process and was copied in to the email from the graphic designer which included the final branding.

The artwork was signed off by all four people, the three directors and Mr Maughan, on 26 August 2017. The invoice was paid on 29 August 2017, at which time the designer assigned the rights to the opponent. The opponent purchased the domain name www.thesocialco.co.uk on 16 August 2017 and requested a change of its company name to The Social Co. Limited on 31 August. During the same month the opponent changed its email signatures and branded stationery to The Social Co.

Mr Maughan resigned one month later.

71. The full extent of Mr Maughan's defence is contained in his counterstatement:

15...The Applicant stopped consulting for the Opponent on 13th September 2017 and from that moment ceased to have any knowledge of the Opponent's business, strategy or intentions. The Opponent filed for their mark on 11th December 2017, two months after the Applicant filed for [the contested mark]. Therefore, the Applicant has at all times had a proprietary

right and was unaware the Opponent would be seeking to utilize his intellectual property to rebrand their business.”

72. The onus is on the opponent in a claim of bad faith to prove its case on the balance of probabilities. I will however, pause to consider a number of points raised in Mr Maughan’s defence.

The applicant’s knowledge of the opponent’s business

73. It may well be the case that the applicant had no further knowledge of the opponent’s business after 13 September 2017. However, prior to that date Mr Maughan worked with the opponent and was involved in its rebrand from The Social Key to The Social Co. In August 2017, a month before the applicant ended his involvement with the opponent, the opponent had finalised the rebrand, including the artwork and had taken steps to change its website, materials and company name to The Social Co. The email from the designer showing the opponent the new branding was sent to the three directors and Mr Maughan. Bearing these points in mind, I find that Mr Maughan knew that the opponent was rebranding its business to The Social Co.

The applicant’s filing of the trade mark

74. Mr Maughan provides no details of how he acquired a proprietary right in The Social Co. other than the statement that he filed the trade mark first. In the case of a claim of bad faith this is not sufficient in and of itself to avoid an adverse decision. It is clear from the case law above that, inter alia, the applicant’s knowledge and intention are essential elements which must be considered.

75. Mr Maughan was working with the opponent via his own company, as a consultant. I would have expected any claim to either a share or total ownership of the new branding to have been raised during the rebrand process. Mr Maughan was routinely included in all correspondence to the three directors up until he ended the relationship in September. It is highly likely that he knew all rights to The Social Co. had been assigned to the opponent by the designer. Since his was a different company (Unicus Media Limited), that would have been an obvious time to raise any ownership queries he may have had.

76. Having elected not to mention any ownership issues earlier in the relationship between the opponent and the applicant, I would certainly have expected that upon termination of his business relationship with the opponent, Mr Maughan would have mentioned his perceived claim to his ownership of 'The Social Co.' brand. In fact, his termination correspondence mentions two items of physical property that are his and notifies the opponent that he will be taking one of its clients with him, with whom he had established a relationship.

77. Given that Mr Maughan was involved in the rebrand, steps were being taken to finalise the changes a month before Mr Maughan terminated his relationship with the opponent company and the fact that Mr Maughan himself was discussing the 'new name' with potential clients himself and feeding back responses to the group of directors, I find it highly unlikely that Mr Maughan was 'unaware' that the opponent was rebranding its business as The Social Co.

78. Having reached such a conclusion, I must consider the applicant's intention in registering its trade mark for The Social Co. Mr Maughan has clearly left the opponent company to start his own business which is to pursue the same business model as that of the opponent. In light of all of my findings above, I conclude that the applicant's intention at the relevant date was to beat the opponent to registration of the trade mark. This was either a misguided attempt to secure the mark for his own business or to prevent the opponent from entering the market under the brand The Social Co. In either case, I find that this behaviour fell below the standards observed by reasonable people in the relevant field of business. The trade mark application was therefore an act of bad faith.

79. The opposition under section 3(6) of the Act succeeds.

Conclusion:

80. The opposition succeeds under both of the pleaded grounds.

Costs

81. The opposition having succeeded, The Social Co. Limited is entitled to a contribution towards its costs which I award on the following basis, bearing in mind that the applicant did not file evidence and the decision was made from the papers:

| | |
|--|---------------|
| Official fees: | £200 |
| Preparing the notice of opposition and considering the counterstatement: | £300 |
| Preparing evidence: | £600 |
| Submissions in lieu of a hearing: | £500 |
| TOTAL | £1,600 |

82. I order Epic Social Limited to pay The Social Co Limited the sum of £1,600. These costs should be paid within 14 days of the date of this decision or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated 2 April 2019

**Ms AI Skilton
For the Registrar,
The Comptroller-General**