

O/0141/23

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. UK00003434698

IN THE NAME OF PAINTING FRAMES ETC LIMITED

FOR THE FOLLOWING TRADE MARK:



IN CLASSES 20 AND 35

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY

UNDER NO. 504440 BY PEDUNCULATE LIMITED

BACKGROUND AND PLEADINGS

1. Painting Frames Etc Limited (“the proprietor”) applied to register the trade mark shown on the cover page of this decision (“the Contested Mark”) in the UK on 8 October 2019. It was registered on 31 January 2020 for the following goods and services:

Class 20 Picture frames; display frames; photo frames; parts and fittings for the aforesaid goods.

Class 35 Advertising in the field of the manufacture, distribution and sale of picture frames; marketing in the field of the manufacture, distribution and sale of picture frames; provision of business information via a website in the field of the manufacture, distribution and sale of picture frames; retail services connected with the sale of picture frames, display frames, photo frames, parts and fittings for the aforesaid goods; consultancy, information and advisory services to all the aforesaid.

2. On 15 December 2021, Pedunculate Limited (“the applicant”) applied to have the Contested Mark declared invalid under section 47 of the Trade Marks Act 1994 (“the Act”). The application is based upon section 5(4)(a) of the Act.

3. The applicant claims to have used the sign **FRAME COMPANY** throughout the UK since March 2011 in relation to the following goods and services:

“Picture frames; display frames; photo frames; parts and fittings for the aforesaid goods.

Advertising in the field of the manufacture, distribution and sale of picture frames; marketing in the field of the manufacture, distribution and sale of picture frames; provision of business information via a website in the field of the manufacture, distribution and sale of picture frames; retail services connected with the sale of picture frames, display frames, photo frames, parts and fittings

for the aforesaid goods; consultancy, information and advisory services to all the aforesaid.”

4. According to the applicant, use of the proprietor’s mark would constitute a misrepresentation to the public that would damage the goodwill in its business. Therefore, use of the proprietor’s mark would be contrary to the law of passing off pursuant to section 5(4)(a) of the Act.

5. The proprietor filed a counterstatement denying the claims made.

6. The applicant is represented by LawBriefs Ltd. The proprietor was originally represented by Trademark Eagle Limited, but is now unrepresented.

7. Both parties filed evidence. Neither party requested a hearing and neither filed written submissions in lieu. This decision is taken following a careful perusal of the papers.

EVIDENCE AND SUBMISSIONS

8. The applicant filed evidence in the form of the witness statement of David Robertson dated 19 May 2022. Mr Robertson is the sole director of the applicant. His statement is accompanied by 8 exhibits.

9. The proprietor filed evidence in the form of the witness statement of Elie Touitou dated 19 July 2022. Mr Touitou is the founder and director of the proprietor. His statement is accompanied by 12 exhibits.

10. The applicant filed evidence in reply in the form of the witness statement of Kevin Hanson dated 20 September 2022. Mr Hanson is a consultant solicitor acting on behalf of the applicant. His statement is accompanied by 5 exhibits.

11. I have reviewed the evidence and taken it into consideration in reaching my decision.

DECISION

12. Section 5(4)(a) 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, where the condition in subsection (4A) is met,

(aa) [...]

(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.”

13. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

14. The relevant parts of section 47 state:

“47. (1) [...]

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) [...]

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

[...]

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

15. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

Relevant Date

16. 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*, BL O-410-11, Mr Daniel Alexander QC, sitting as the Appointed Person, considered the relevant date for the purposes of s.5(4)(a) of the Act and stated as follows:

“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.’”

17. The prima facie relevant date is the date of the application for the Contested Mark i.e. 8 October 2019. However, I note that the proprietor claims to have been using the Contested Mark since March 2010. I note that Mr Touitou’s evidence shows the following:

- a) Print outs from Amazon selling picture frames displaying the following sign:



Although these print outs are undated, there are a number of reviews visible dated 2016 and 2017.¹

- b) Mr Touitou states that the proprietor sells its Frame Company goods exclusively through Amazon;
- c) Amazon sales between 2015 and 2017 amounted to over £3.5million;²
- d) The proprietor’s total turnover is as follows:

¹ Exhibit 2

² Exhibit 3

- 2021 - £5,880,585.00
- 2020 - £3,714,431.00
- 2019 - £2,604,013.00
- 2018 - £1,386,682.00
- 2017 - £765,768.00
- 2016 - £361,446.00
- 2015 - £316,899.00
- 2014 - £295,226.00

e) Mr Touitou gives evidence that sales under the FRAME COMPANY sign account for at least 40% of the proprietor's total turnover. This means approximately the following amounts can be attributed to sales under the Contested Mark:

2019	£1,041,000
2018	£554,000
2017	£306,000
2016	£144,000
2015	£126,000
2014	£118,000

18. I note that in his evidence, Mr Hanson states that the figures provided above misrepresent the scale of the proprietor's use as they are not broken down to reflect all three of the brands under which it sells its goods. He also notes that some of the proprietor's goods are showing as out of stock. However, the proprietor does not itself need to demonstrate goodwill; its use is relevant for the purposes of identifying when the behaviour complained of commenced. It is sufficient for this purpose, that the proprietor has shown that it was using the Contested Mark at least as early as 2016 (as a result of the Amazon listings which display the mark in question). I accept that the evidence prior to 2016 is less clear, however, no evidence has been put forward which leads me to disbelieve Mr Touitou's evidence that the proprietor was trading by 31 March 2014 when it filed its accounts (albeit on a smaller scale) and that it was using the words FRAME COMPANY at that time (at least in relation to some of its activities). Whilst the proprietor claims use from 2010, there is nothing in the evidence to support this prior to 2014. Taking all of this into account, I must consider whether

the applicant has demonstrated goodwill both at the prima facie relevant date and the earlier relevant date of 31 March 2014.

Goodwill

19. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), goodwill was described in the following terms:

“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.”

20. Mr Robertson gives evidence as to the use of the sign relied upon by the applicant. I note the following:

a) He states that the applicant has been using Frame Company as a trade mark since 20 December 2010 when it was incorporated and prior to that as an unincorporated entity;

b) The applicant's revenue is as follows:

2015	£1,850,789
2016	£1,962,129
2017	£1,948,061
2018	£2,223,159
2019	£2,500,669

c) He states that the applicant's products have hundreds, if not thousands of reviews on Amazon. However, Exhibit 2, which has been filed to demonstrate this, is not dated and due to the way the exhibit has been cropped, I am unable to see the dates of the reviews.

d) The applicant had over 2,735 followers on Facebook as of March 2022. However, it is not clear to me what the position would have been at the relevant dates.³

e) The applicant has spent the following amounts on advertising:

2016	£51,265.25
2017	£59,859.71
2018	£157,688.53
2019	£189,625.33

f) He estimates the UK market size for picture frames to be in the region of £290million. He states that this gives the applicant between 1 and 2% of the market.

21. In order to succeed in its claim, the applicant must demonstrate that it had goodwill at both relevant dates. The applicant has filed no evidence which relates to the period prior to the earlier relevant date (31 March 2014). Whilst I note that Mr Robertson gives narrative evidence that his company has used the mark since 2010 (and earlier as an unincorporated entity), without evidence of the extent of that use it is impossible for me to assess whether the applicant had a protectable goodwill at that relevant date. Consequently, the applicant's claim falls at the first hurdle.

22. Even if I had taken the later date of the proprietor's use (i.e. 2016), when there are reviews of products displaying the Contested Mark, as the relevant date, the applicant's evidence prior to that date is not sufficient, in my view, to establish a protectable goodwill. Whilst the sales are not insignificant, I am mindful of the comments of Mr Mitcheson KC, sitting as the Appointed Person in *Smart Planet Technologies, Inc v Rajinda Sharma* (BL O/304/20), in which he stated:

"[...] The element of descriptiveness in the sign sought to be used means that it will take longer to carry out sufficient trade with customers to establish sufficient goodwill in that sign so as to make it distinctive of Party A's goods."

³ Exhibit 3

23. Bearing in mind how low in distinctiveness the sign FRAME COMPANY (for picture frames and related services) is, I consider that the level of use shown in the applicant's evidence prior to and during 2016 is not sufficient to get them over the hurdle of demonstrating a protectable goodwill by the time the proprietor commenced the behaviour complained of.

24. I note that in his evidence, Mr Hanson refers to a decision issued by another hearing officer following an ex-parte hearing on 18 August 2022. The purpose of that hearing was to discuss a section 3(1)(b) and (c) objection raised in relation to a trade mark application made by the applicant in these proceedings for the mark FRAME COMPANY (i.e. an identical mark to the sign relied upon in these proceedings). In that decision, the hearing officer found that the applicant's mark had acquired distinctive character through use and was, therefore, permitted to proceed to registration. Mr Hanson puts this decision forward, at least partly, as evidence that the applicant had used the sign relied upon in a trade mark sense and extensively. However, for the avoidance of doubt, the hearing officer in that case was considering the position as at a different (and much later) relevant date and so I do not consider that the hearing officer's findings assist the applicant in these proceedings.

25. The application for invalidation based upon section 5(4)(a) of the Act is dismissed.

CONCLUSION

26. The application for invalidation fails and the Contested Mark may remain registered.

COSTS

27. The proprietor has been successful and is entitled to a contribution towards its costs based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award the proprietor the sum of £1,000, calculated as follows:

Preparing a Counterstatement and considering	£200
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the Notice of invalidation

Preparing evidence and considering the applicant's evidence	£800
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Total	£1,000
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28. I therefore order Pedunculate Limited to pay Painting Frames Etc Limited the sum of £1,000. This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 8th day of February 2023

S WILSON

For the Registrar