

O-026-06

TRADE MARKS ACT 1994

**APPLICATION No. 2238453 TO REGISTER THE TRADE MARK
'NEW COVENT GARDEN MARKET'
IN CLASSES 29, 30, 31, 32, 33, 35, 36, 37, 39 & 42
IN THE NAME OF THE COVENT GARDEN MARKET AUTHORITY**

AND

**OPPOSITION No 90925
BY THE NEW COVENT GARDEN SOUP COMPANY LTD**

Background

1. On the 7 July 2000, Covent Garden Market Authority (CGMA) applied to register the words NEW COVENT GARDEN MARKET as a trade mark. The trade mark is proposed to be registered for:

Class 29:

Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats.

Class 30:

Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.

Class 31:

Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt.

Class 32:

Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 33:

Alcoholic beverages (except beers).

Class 35:

Advertising; business management; business administration; office functions.

Class 36:

Rental and leasing of accommodation; all provided by the New Covent Garden Market.

Class 37:

Building construction; repair; installation services.

Class 39:

Transport; packaging and storage of goods; travel arrangement.

Class 42:

Restaurant, café and bar services; catering services.

2. On 8 August 2002, The New Covent Garden Soup Company Limited (Soup Co) filed a Notice of Opposition to the proposed registration. The grounds of opposition were twice amended. It is now claimed that:

- i) Soup Co is the proprietor of four earlier trade marks consisting 1) of the words New Covent Garden Soup Co. (registration No. 2037449), 2) those words as part of the composite logo mark (registration No. 2149011) shown below:



3) a complex label mark which includes the above composite logo mark (registration No. 2148924), 4) a series of two marks (shown below) consisting of the stylised word 'Soup' with the above logo appearing inside the letter "O"(registration No. 2190367).



- ii) The first three of these marks are registered in Class 29 for 'Soups and soup preparations'. The word only mark is registered both as a national mark and also as a Community trade mark. The stylised 'SOUP' mark is registered in respect of 'Soup; milk beverages; potato crisps; snack foods included in Class 29' and in respect of 'Snack-bars; catering services; provision of snack foods' in Class 42.
- iii) The goods and services covered by the Opponent's Trade Marks are identical to and/or in the alternative similar to, the following goods and services claimed under the mark applied for, namely 'meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces, eggs, milk and milk products, edible oils and fats', 'coffee, tea, cocoa, sugar, rice, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery; honey, treacle; baking powder, yeast; salt, mustard; vinegar, sauces (condiments); spices', 'fresh fruit and vegetables; seeds', 'mineral and aerated waters and other non-alcoholic drinks'; 'fruit drinks and fruit juices; syrups and other preparations for making beverages' and 'restaurant, café and bar services; catering services'.

- iv) The predominant and distinctive feature of both the earlier marks, and of CGMA's mark, is the word element 'New Covent Garden'. Because of this and the similarity between the goods and services for which the earlier marks are protected, and those goods and services specified at iii) above, there exists a likelihood of confusion on the part of the public, including the likelihood of association.

- v) The trade mark New Covent Garden Soup Co. has been used in relation to soups and soup preparations throughout the United Kingdom since 1988 and in relation to processed food products, baked and spiced beans, gravy, lentils and olives, fish products and sauces such as fruit and chocolate sauces since 1995. The Opponent by its franchisees has also used the said mark since 1999 in relation to soup bars, and in relation to a variety of foods and drinks sold by such soup bars (including breads, soups, pastries, sandwiches, cold drinks and fruit juices, teas, coffees and ice creams). Further, the Opponent has used the said mark in relation to business management and business administration services provided to its soup bar franchisees. Any use of the mark applied for in relation to the goods 'meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces, eggs, milk and milk products, edible oils and fats', 'coffee, tea, cocoa, sugar, rice, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery; honey, treacle; baking powder, yeast; salt, mustard; vinegar, sauces (condiments); spices', 'fresh fruit and vegetables; seeds', 'mineral and aerated waters and other non-alcoholic drinks'; 'fruit drinks and fruit juices; syrups and other preparations for making beverages' and in respect of the services 'business management services; business administration services' and 'restaurant, café and bar services; catering services' is liable to be prevented by the law of passing off. Registration of the mark applied for would therefore be contrary to Section 5(4)(a) of the Trade Marks Act 1994 in relation to such goods and services.

- vi) CGMA was set up by the government to operate and administer the New Covent Garden market ("the Market") in Nine Elms, London. According to its own website, CGMA leases trading premises and offices to tenants of the Market, which tenants operate individual businesses for selling fresh food produce. The Applicant takes no part in the trade of the Market, nor in the enforcement of quality standards. Therefore it is the tenants collectively and not the Applicant who can claim to be the proprietor of the mark applied for in classes 29, 30, 31, 33, 39 and 42 if and insofar as the same is free from objection under sections 3(1)(a), (b) or (c). The application to register the mark applied for in these classes was therefore made in bad faith contrary to Section 3(6) of the Trade Marks Act 1994.

- vii) CGMA does not have any bona fide intention to use the mark New Covent Garden Market as a sign in the course of trade to indicate origin in respect of any goods and services in classes 29, 30, 31, 32, 33, 39 and 42 for which the mark has been applied. The Opponent believes that the mark applied for is contrary to the provisions of Section 3(6) of the Trade Marks

Act 1994 since at the date of filing the Applicant had no *bona fide* intention to use the mark in respect of all the goods and services claimed in these classes as required by Section 32(3) of the Trade Marks Act 1994.

- viii) New Covent Garden Market is not a trade mark, alternatively it is devoid of distinctive character since it denotes a market at which a large number of undertakings which are not economically linked have for many years traded and continue to trade. Accordingly the sign is incapable of distinguishing goods or services of one undertaking from those of other undertakings. Alternatively, it had no distinctive character as at the date of application. Registration of the mark in all classes would therefore be contrary to sections 3(1)(a) or (b) of the Trade Marks Act 1994.
- ix) The mark applied for consists exclusively of a sign or indication that may serve in trade to indicate the geographical origin of the goods or services in question since it denotes the precise geographical location (within the Nine Elms area of London) of the market administered by CGMA. Registration of the mark in all classes would therefore be contrary to section 3(1)(c) of the Trade Marks Act 1994.

3. CGMA filed a counterstatement in which it admits the existence of the earlier trade marks and admits that Soup Co has used the trade mark 'New Covent Garden Soup Co.' in relation to soups in the United Kingdom but Soup Co is put to strict proof as to:

- i) which of the trade marks referred to in the Statement of Grounds have been used;
- ii) use in relation to 'soup preparations';
- iii) the date of first use and the geographical extent of use throughout the United Kingdom;
- iv) which of the trade marks referred to in the Statement of Grounds have been used in respect of 'processed food products, baked and spiced beans, gravy, lentils and olives, fish products and sauces such as fruit and chocolate sauces';
- v) the use claimed in relation to 'soup bar franchises' and in relation to the goods sold by such soup bars.

4. All the other allegations are denied. In relation to the allegations of bad faith CGMA states that "Whilst the Applicant does not itself sell foodstuffs it is denied that the Applicant takes no part in the trade of the Market. The Applicant regularly exhibits at trade shows under the mark such as The Restaurant Show, Hortex, IFE and Hotelympia on behalf of its tenants. The Applicant also pro-actively promotes trade in the Market directly with a programme of visits to the Market and other promotion of the Market from time to time. It is also denied that the Applicant plays no part in the enforcement of quality standards. The Applicant employs a full-time Health and Safety Officer, who is qualified in food hygiene matters, to ensure that the Market premises comply with Food Hygiene Regulations and that the tenants operating practices and procedures comply with legal requirements. The Applicant also manages cleaning and waste disposal for the entire site to ensure that quality standards are complied with. The mark is also used by the tenants with the express consent of the applicant. It is therefore denied that it is the tenants and not the

Applicant who can claim to be the proprietor of the mark applied for in classes 29, 30, 31, 32, 33, 39 and 42”.

5. Both sides ask for an award of costs.

Soup Co's Evidence

6. Soup Co's evidence consists of witness statements by :

- i) Mr Jeremy Hudson (2), who is the Finance Director of Daniels Chilled Foods Ltd, which is the parent company of Soup Co;
- ii) Inge Rajeebally, who is a trade mark attorney, which describes a commercial investigation into the use of the name New Covent Garden Market by CGMA and others;
- iii) Paul Andrew Cox, who is a solicitor at S J Berwin, who conducted an informal survey of colleagues in order to establish the names by which the public refer to Soup Co;
- iv) James Evans and Warwick William Thompson, who own shops in Stoke-on-Trent and in Beccles in Suffolk, which operate under the name New Covent Garden;
- v) Ib Levin, who has worked at New Covent Garden Market for 22 years selling produce to traders.

7. Mr Hudson explains that Soup Co was formed in 1985 and following two years of research, it developed a manufacturing process to produce soup with a commercial shelf life without the use of additives and preservatives and using fresh ingredients. The company launched its first soups into the UK market in 1988. The fresh chilled soup market subsequently grew at a rapid rate and competitors entered the market. In 1997, Soup Co had approximately 40% of the relevant market with a turnover of around £16m.

8. In the year 2000, when the application for registration was made, Soup Co's turnover had increased to around £20m per annum (at ex factory prices). A small proportion of sales were exports, with a majority of sales taking place through large supermarket chains. Around 10% of sales were made to caterers and wholesalers, who sell the product on to food service outlets around the country.

9. These sales of soup are said to have occurred under all of Soup Co's registered marks. The principal mark used was the composite logo, which is registered under No 2149011. However, there is also evidence of use of the other marks, including the word only mark.

10. In 1999, nine franchised soup bars were opened. All bar one was in the London area. According to the picture in exhibit JH3 to Mr Hudson's statement, the shop fronts of these bars bore the trade mark registered under No 2190367. These soup bars sold other produce apart from soup, in particular breads, pastries, sandwiches, teas, coffees and ice creams. Two of the bars in central London had a turnover of around £200k in the year 2000. Mr Hudson states (in his second statement) that the core goods these shops sold are branded under the trade mark New Covent Garden Soup Co. In exhibit JH20, he provides photographs of the inside of a shop taken in 2004

which he says show the goods that were available in July 2000. These photographs show soups, tea and coffee for sale under the composite logo mark show above, and sandwiches under the stylised SOUP mark referred to above. Breads and muffins are offered for sale unbranded. There is a range of other goods carrying third party trade marks.

11. Between 1995 and 1999, Soup Co claims to have sold a number of other processed food products under the trade mark registered under No. 2149011 (see paragraph 2(i) above). These products were pasta sauces, beans, gravy, lentils with olives, chocolate sauce and fresh fruit sauce. These goods were sold chilled and in cartons similar to that used by Soup Co for its soup range. In 1995, the turnover in pasta sauces was £87k. In 1997, the turnover from gravy sales was £145k. It appears that beans, lentils and chocolate and fresh fruit sauces were only launched in that year. It is claimed that these products were the subject of extensive national advertising campaign, which included TV and radio advertisements, but there is no evidence to corroborate this claim. Sales of these products are said to have ceased in 1999 when Soup Co decided to concentrate on sales of soup.

12. Soup Co spent over £6m in promoting its products in the three years leading up to June 2000. In early 2000, Soup Co spent £1.5m on a TV campaign in London and the South, details of which are exhibited on the CD-ROM which is exhibit JH27. This contains TV and radio adverts for soups.

13. Mr Hudson claims that as a result of Soup Co's use of its registered marks it has become known as "New Covent Garden." In support of this he points to:

- i) three articles in exhibits JH5 and 7 in which Soup Co is identified as New Covent Garden Soup Company, but is sometimes shortened to 'New Covent Garden';
- ii) some pre- July 2000 newspaper articles in which the same sort of thing occurs;
- iii) some company to company presentations in which the shortened form of the name is used on slides;
- iv) sales material from Sainsbury's and Safeway, which post dates the application by several years;
- v) a copy of a slide presentation prepared in 2001 by Soup Co's own market researcher;
- vi) a transcript of a "focus group" held at Waitrose in Teddington in December 2000 in which one or more of seven unidentified individuals are recorded as having abbreviated Soup Co's word mark for soups to New Covent Garden, or just Covent Garden, during a discussion about soup;
- vii) second or third hand hearsay evidence that customer calls made to Soup Co's head office were answered "New Covent Garden" prior to July 2000.

14. Mr Hudson provides (in exhibit JH8) copies of pages obtained from CGMA's web site on 22 June 2000. The section entitled "Administration" explains that CGMA was set up by Parliament in 1961 as a statutory body to own and operate a wholesale market in horticultural produce known as New Covent Garden Market. 'Horticultural produce' is defined as being fruit and vegetables, and flowers. It continues:

“The Authority provides essential services such as the management, supervision and security of the site, heat and electricity, cleansing and refuse disposal and maintenance of buildings and roads. The Authority also handles the letting of trading premises and offices to tenants..... **However, the Authority takes no part in that actual trade of the Market, nor in the enforcement of grading and quality standards, which are the responsibility of the Ministry of Agriculture’s inspectors.** The Authority does, however, exercise control over the day-to-day functioning of the market by way [of] comprehensive Market Byelaws covering the practical aspects of trading and public behaviour onsite.” (emphasis added)

15. Exhibit JH11 to Mr Hudson’s statement is a copy of CGMA’s report and accounts for 2001/2. This shows that CGMA’s gross income in the year was just under £10m and that it made a net operating profit of just over £1.5m. This compares with the Market’s turnover of just under £400m in the same period. In the year 2000, almost £40m of this turnover was accounted for by trade in non-horticultural products. The Annual Report states that “Formal approval is required from DEFRA for non-horticultural activities at the market” and that in the case of meat or fish products, “DEFRA will grant their consent only on the basis that the Authority’s leases restrict such tenants’ activities to off-site distribution of products, i.e. exclude any ‘face-to-face’ selling of these products.” The notes to the accounts explain that the authority collects its traders’ financial figures under statutory powers and that they relate only to horticultural produce physically handled in the market. They do not reflect the value of trade in produce that does not physically pass through the market, nor do they cover the activities of agents and importers within the market. These are estimated at around £110m in 2001/2.

16. Soup Co was itself a tenant of CGMA from 1987 until March 1997 but the Tenancy Agreement (which is exhibited at JH9) did not assert any right in the name of Covent Garden Market.

17. Ms Rajeebally provides (as exhibit IR3) photographic evidence produced as a result of a visit to New Covent Garden Market on or around 26 February 2003 by a firm of commercial investigators known as Carratu International. This shows that:

- i) the traders within the market operate under their own trading names;
- ii) a section of these incorporate the name of the market, or use it as an address;
- iii) there were signs placed at the entrance to the market and in other public places which identify it as New Covent Garden Market;
- iv) CGMA’s vans carry the trading name Covent Garden Market Authority and not New Covent Garden Market.

18. In his second witness statement, Mr Hudson points out that CGMA uses the term ‘New Covent Garden Market’ as part of its address in correspondence, on its website, and on the application form. Further, he provides examples (in exhibits JH14 and 15) of traders at the market using the term as part of their address. He also provides evidence that New Covent Garden Market appears as a place on street maps and road signs, and sometimes appears in published articles as a location.

19. In the witness statement of Paul Andrew Cox, it is shown that, in January 2004, Debbie Kohner, a trainee solicitor at S J Berwin (Soup Co's lawyers) sent an e-mail to the 640 colleagues who work at the firm's London office asking which brands of fresh soup they bought. Ms Kohner received 104 relevant responses from people who had understood the question correctly. Of these, 87 mentioned Soup Co (which by this time had changed its branding to New Covent Garden Food Co). The most popular means of identifying Soup Co in the e-mail responses was "Covent Garden", followed by "Covent Garden Soup Company", followed by "New Covent Garden". Copies of the e-mail responses are exhibited to Mr Cox's witness statement as exhibit PAC 2. These also show that one respondent replied "is this still the Covent Garden Soup Co matter?". Another replied "I bet you are doing the survey for New Covent Garden aren't you as I have been doing some research on this for Paul Cox."

20. Ib Levin has been the General Manager of Delassus UK Ltd for 10 years. Delassus is an importer and distributor of fresh flowers to UK wholesalers around the UK and to numerous traders based at New Covent Garden Market. The company has an office at the market which Mr Levin visits several times a week. Before becoming the General Manager of Delassus, Mr Levin ran his own business for 12 years selling produce to traders at the market.

21. Mr Levin gives evidence that Delassus uses New Covent Garden Market as part of an address on the invoices it issues to traders at the market, and when giving directions to its office. He says that if someone said to him "I bought flowers from New Covent Garden Market", he would assume that the flowers came from the market located at Nine Elms Lane, but he would not know which trader at New Covent Garden Market sold the flowers because he would regard New Covent Garden Market as the location from which the flowers were bought.

CGMA's Application to Introduce Additional Evidence

22. On 29 September 2005, six days before the hearing, CGMA sought permission to file a second witness statement from Mr Farey, who is the Secretary of CGMA. The request was made under Rule 13(C)(6) which provides that:

- 6) The registrar may, at any time if she thinks fit, give leave to either party to file evidence upon such terms as she thinks fit.

23. The additional evidence covered the following matters:

- i) further details of an application that CGMA made in 1999 to the Minister for Agriculture, Fisheries and Food (now DEFRA) for permission to extend the scope of the market's activities to cover face-to-face selling for meat and fish;
- ii) subsequent judgments of the High Court and of the Court of Appeal in 2004 relating to an application for judicial review of the Minister's decision to approve CGMA's application;
- iii) government policy relating to the sale of the Authority's assets;
- iv) a full 'template' for a new tenant's lease agreement which was drawn up in the year 2000, an extract from which had already been filed as an exhibit to Mr Farey's first witness statement;

- v) a further revised lease from 2005.

24. CGMA submitted that the evidence had not been submitted within the timescale set out in Rule 13C(4) because:

- i) the evidence relating to the judicial review proceedings was not available at the time;
- ii) the full text of the 2000 tenant's lease was not originally filed in order to save unnecessary costs.

25. The reason given for the request to submit additional evidence being delayed until so near to the hearing was that the parties had been negotiating, which CGMA had hoped would bring the proceedings to an end. The purpose of the evidence was said to be to shed further light upon the bad faith allegations made by Soup Co.

26. Soup Co objected to the admission of this evidence on the basis that:

- i) the evidence mostly related to matters which post dated the application by several years and was therefore irrelevant to the bad faith allegations;
- ii) the application was very late – 18 months after Soup Co had filed evidence in response to CGMA's original evidence - and no satisfactory explanation had been offered for the lateness;
- iii) the evidence raised new matters, particularly the full terms of the 2000 'template' for the tenants' leases and government policy relating to the sale of the Authority's assets, which it would wish to reply to with further evidence;
- iv) the judgments of the courts in the judicial review proceedings should be treated as judicial authority and did not need to have the status of 'evidence'.

27. I decided to admit paragraphs 1-3 of Mr Farey's second witness statement and accompanying exhibits CF10-12 (save for paragraph 13 of CF10 which relates to paragraph 7 of the statement), which provided further details of the steps that were being taken around the time of the application in order to obtain the necessary permission to diversify the products traded in at the market.

28. I decided to reject the request to admit the remainder of Mr Farey's additional evidence. My reasons for this are that:

- i) the judicial review proceedings in 2004 were irrelevant to the outcome of the bad faith allegations, which depended on matters within CGMA's knowledge in July 2000;
- ii) the 2005 lease was irrelevant for the same reason;
- iii) the full 2000 lease 'template' was unlikely to be relevant because a) although it appeared to require tenants to comply with the market's bye laws, the bye laws themselves were not in evidence, and b) it was not even suggested that a bye law existed that required CGMA's tenants to yield control of the produce they traded in at the market to CGMA;

- iv) the government's policy relating to the sale of the Authority's assets was unlikely to be relevant to the outcome of the bad faith allegation and, in any event, introducing evidence on that matter at such a late stage was certain to lead to a postponement of the hearing in order for Soup Co to file evidence in reply;
- iv) a postponement would, of itself, be prejudicial to Soup Co in circumstances where over three years had elapsed since the filing of the Notice of Opposition and 18 months had elapsed since Soup Co filed its evidence-in-reply to CGMA's initial evidence.

CGMA's Evidence

29. Mr Farey gives evidence that the CGMA is a public body set up in 1961 by an Act of Parliament to run a bulk horticultural market located since 1974 in Vauxhall, London and known as 'New Covent Garden Market'. CGMA is responsible to the Department of Environment, Food and Rural Affairs (DEFRA). He says that the prime responsibility of CGMA is to be "the country's leading centre for the sale and distribution of horticultural produce." In Mr Farey's view, Covent Garden is synonymous in the eyes of traders with horticultural goods, just as "Smithfields" is synonymous with meat or "Billingsgate" with fish.

30. Up until about the year 2000, the market was mostly concerned with horticultural produce. However, in the late 1990s the market faced increasing competition from large producers who sold directly to supermarkets, with a resulting decline in the traditional business of the market. Accordingly, towards the end of 1999 the CGMA applied to the Minister for Agriculture under the Acts which governed the activities of the market, for permission to extend the business of the market into other areas such as the sale of fish, meat and meat products. In Mr Farey's first witness statement dated 27 November 2003, he claims that the market had acquired a national and international reputation "as a first class centre for trade in horticultural produce and as a source of top quality wines, dairy produce, meat, fish, sandwiches, fruit juice and confectionery by way of example."

31. CGMA claims that it exercises control over the conduct of the market and the quality of the produce available through it. In support of this claim, Mr Farey exhibits (as CRF4) extracts from what he describes as the "template from the (year) 2000 Revision" of CGMA's tenancy lease agreement. Clause 3.18.5 of this lease requires any assignment of the tenancy to be subject to a 'licence to assign', which should include a covenant that the assignor will not, after the completion of the assignment, use the name New Covent Garden Market without first obtaining the written consent of CGMA. Clause 3.27 provides that the tenant shall not use the name New Covent Garden Market (other than as a part of its address) during the term of the lease or following its determination, without first obtaining the consent of CGMA. There is a proviso to this clause which states:

"Provided that nothing contained herein shall prevent the Tenant from using the name of the New Covent Garden Market as part of the Tenant's full written or printed postal address and provided further that the provisions of this Clause 3.27 shall not apply to any person which is for the time being the

Tenant while that person is in actual occupation of the premises under this Lease or of other premises in the market”.

32. Mr Farey claims that the terms of the lease show an intention to control and licence the name New Covent Garden Market to its tenants in relation to the large variety of goods sold in the market. He further claims that the specification of the trade mark application reflects current and future expansion prospects for CGMA’s activities.

33. CGMA also provides essential services to its tenants, including management, maintenance and the letting of trade premises and offices. The tenants pay a charge for the occupation of the premises, plus a service charge relating to actual costs of services consumed.

34. CGMA is a profit making organisation with a statutory duty to make the best use of its assets. In order to promote its position and maintain its reputation, and that of its tenants, CGMA has throughout the relevant period, exhibited at between 5 and 7 exhibitions and trade fairs per year, the names of which are provided. Mr Farey says that these exhibitions/trade fairs were typically attended by importers, growers, wholesale buyers, retail buyers, hotel and catering distributors and restaurant chain buyers. He says that the buyers may source direct from the growers and importers of products, or via wholesalers or specialist distributors, many of whom are (or may be) based in New Covent Garden Market.

35. It is said that the mark New Covent Garden Market was prominently displayed at these exhibitions in conjunction with illustrations of the types of produce available at the market. Exhibit CRF1 is said to be an illustration of a typical example of this use of the mark. It consists of a photograph showing the name New Covent Garden Market above the heads of some gentleman on a stand at the Hortex horticultural exhibition at Harrogate in 1999. A contemporaneous article which appeared in CGMA’s newsletter in 1999 (a copy of which is included at page 2 of exhibit CRF2) states that a range of produce available from the market was displayed at the stand, and that it was visited by many UK growers and others involved in the horticultural industry.

36. Mr Farey also introduces as evidence (Exhibit CRF5) copies of pages from Soup Co’s web site from October 2002, which explains that its company name “refers to the famous London market where we brought the fresh produce that went into our first soups”.

37. Exhibit CRF3 to Mr Farey’s witness statement consists of a copy of a witness statement of a Mr Fowler. Mr Fowler is Chairman and Managing Director of the C & C group of companies, who are wholesalers, importers and commission agents of fruit, vegetables and flowers. Mr Fowler has been a tenant of CGMA for 18 years. He says that he is aware of the use of trade mark No 2119357 to promote trade at the New Covent Garden Market, in particular for sale of fruit, vegetables, flowers and “other such produce”. As a trader at NEW COVENT GARDEN MARKET, Mr Fowler says he enjoyed the reputation of the market and also benefited from the advertising efforts of CGMA. The pallets of produce arriving to his wholesale outlets

are usually marked C & C fruit Company Ltd (or Gilgrove Ltd) of NEW COVENT GARDEN MARKET.

The Hearing

38. The matter came to be heard on 5 and 6 October 2005 when CGMA was represented by Ms Lindsay Lane of Counsel, instructed by Kilburn and Strode, and Soup Co was represented by Mr Richard Arnold QC, instructed by S.J.Berwin. At Soup Co's request, Mr Farey attended the hearing and was cross examined on his written evidence.

Section 3(6)

39. Section 3(6) of the Act is as follows:

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

40. This provision originates from Article 3(2)(d) of European Directive 104/89. The correct approach to bad faith was set out by Lindsay J. in *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 (at 379) in which the judge stated that bad faith:

“...includes dishonesty and...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.”

41. In *China White* [2005] FSR 10, the Court of Appeal decided that the ‘combined test’ they understood to have been laid down by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164, should be applied in deciding cases under section 3(6) of the Trade Marks Act. The ‘combined test’ was said to be that, not only must the applicant's behaviour be unacceptable by the standards of reasonable and honest people, but that the applicant must have realised that by those standards his conduct was unacceptable.

42. Subsequent to the hearing of this case, I became aware of the judgment of the Privy Council in *Barlow Clowes International Ltd v Eurotrust International Ltd* (10 October 2005, unreported). The Privy Council's judgment indicated that the House of Lords' judgment in *Twinsectra* had been misunderstood. It was not necessary to enquire into a defendant's views as to what were acceptable standards of reasonable behaviour. It was sufficient to show that a defendant's knowledge of a transaction was such as to render his participation contrary to normally acceptable standards of honest conduct. This judgment appeared to me to be all the more relevant because the member of the Privy Council who delivered the clarification of the *Twinsectra* judgment (Lord Hoffman) also gave one of the two leading speeches for the majority in that case. I therefore invited the parties to provide written submissions as to its significance to this case, if any.

43. I subsequently received a submission from Mr Arnold for Soup Co, in which he submitted that:

- i) on the authority of *Daraydan Holdings v Solland International Ltd* [2004] EWHC 622 (Ch) 4 All ER 73, the correct course in these circumstances was to follow the judgment of the Privy Council and not that of the Court of Appeal;
- ii) it is therefore necessary and sufficient to show that the applicant had sufficient knowledge of the relevant circumstances so as to make his conduct dishonest or below the standards of acceptable commercial behaviour observed by reasonable and experienced men in the relevant field.

44. I also received a written submission from Mr Thomas Moody-Stuart (acting because of Ms Lane's unavailability) on behalf of CGMA. Mr Moody-Stuart submitted that:

- i) judgments of the Privy Council are persuasive rather than binding;
- ii) *Barlow Clowes* cannot be reconciled with the plain language of the majority opinions in *Twinsectra* and is therefore wrong;
- iii) the judgment of the Court of Appeal in *China White* applying the combined test set down in *Twinsectra* should be therefore be followed in determining the bad faith issue in this case;
- iv) even if *Barlow Clowes* is correct, CGMA's behaviour did not amount to bad faith because the person responsible for CGMA's application was not conscious of the complex legal matters which are at the heart of Soup Co's bad faith allegations.

45. I do not detect that either counsel is submitting that I am bound to follow the judgment of the Privy Council. And in accepting that the judgment of the Privy Council is potentially persuasive, I don't think that Mr Moody-Stuart can be submitting that I am bound by *China White*, irrespective of the effect of the judgment of the Privy Council in *Barlow Clowes*. This accords with my own view of the matter, which is that I should follow the judgment of the Court of Appeal in *China White* whilst accepting any necessary clarification from *Barlow Clowes*.

46. I can see that it is possible to come to the view that the Privy Council preferred a different test for dishonesty than that adopted by the majority of the House of Lords in *Twinsectra*. However, as I think Mr Moody-Stuart recognises, it is highly significant that Lord Hoffman made a leading speech in *Twinsectra* and also delivered the judgment of the Privy Council in the later case. If anyone is in a position to know what he meant in *Twinsectra*, it must surely be Lord Hoffman himself. Further, it appears to me that I should attach great weight to the agreed view of the Lords of the Judicial Committee of the Privy Council as to what Lord Hutton meant (or rather did not mean) in his speech in *Twinsectra*. I therefore conclude that the House of Lords judgment in *Twinsectra* has the meaning given to it by the Privy Council in *Barlow Clowes*. Consequently, in applying the so-called 'combined test' to a claim under section 3(6) of the Trade Marks Act, as I am required to do by the judgement of the Court of Appeal in *China White*, I should give the test the meaning described by the Privy Council in *Barlow Clowes*.

47. The test to be applied under section 3(6) of the Act is therefore whether CGMA had sufficient knowledge of relevant matters so as to make its application for registration dishonest or below the standards of acceptable commercial behaviour observed by reasonable and experienced men in the relevant field.

The First Bad Faith Claim

48. Soup Co raises two different but related claims that the application was made in bad faith in classes 29, 30, 31, 32, 33, 39 and 42. The first claim is that it is the tenants of the market collectively, and not CGMA, who are the owners of any goodwill in the name New Covent Garden Market in respect of the relevant goods/services. CGMA cannot therefore claim to be the proprietor of the trade mark in relation to these goods/services.

49. Mr Arnold suggested that the appropriate starting point in the assessment of who owns any goodwill that may exist under the name 'New Covent Garden Market' was the 1961 Act, which established CGMA as a statutory body. He pointed out that that Act contained no provision which transferred any goodwill from the company which previously held the franchise to run the Covent Garden Market (Covent Garden Market Limited) to CGMA. It followed, Mr Arnold submitted, that CGMA had no goodwill in the name 'Covent Garden Market' in 1961. As the trade subsequently conducted at the Covent Garden Market (and since 1974 at New Covent Garden Market) had been conducted by the traders at the market on their own account, any goodwill acquired under the name in respect of the quality of the produce sold there belongs to those engaged in the trade that gave rise to the goodwill – the traders at the market, collectively – rather than to CGMA.

50. Ms Lane for CGMA accepted that the authority does not operate trading positions in its own right at the market. However, she submitted that the evidence showed that CGMA:

- i) uses the mark in the course of promoting produce sold in the market, particularly at trade fairs and exhibitions;
- ii) uses the mark in relation to the market itself by way of the signage at the market and on its web site;
- iii) controls the use made of the mark by its tenants by way of clauses in their leases;
- iv) controls the conduct of the market and the quality of the produce passing through it, or alternatively has the ability to control the quality of the goods sold under the mark by way of the leases with its tenants and the market bye-laws;
- v) faced no objections from its tenants to the application to register the mark in its name;
- vi) believed on reasonable grounds that when it made the application it was acting in accordance with normal commercial standards of behaviour.

51. The primary facts are clear from the evidence. The name 'New Covent Garden Market' has been in use for many years as the name of a wholesale market selling fruit and vegetables and flowers. In the years leading up to the application the market diversified into some other food and beverage products, such as cheeses and wines. It

is not entirely clear when this diversification began, but a trade in “non-horticultural food activity” to the tune of around £40m appears to have been established by the year 2000. CGMA operated under the name ‘Covent Garden Market Authority’ and provided the accommodation for the market and granted leases to the tenants. It also provided the services needed to run a large wholesale market. The traders at the market traded under their own names, and a section of them used the name ‘Covent Garden’ or ‘New Covent Garden Market’ as part of their trading name and/or address.

52. I think it highly likely that at the date of the application there existed a reputation and goodwill under the name ‘New Covent Garden Market’ in relation to the provision and operation of a wholesale market, and that CGMA was the owner of that goodwill. In my view, anyone else planning to provide a horticultural wholesale market under that name without CGMA’s consent, would have been susceptible to an action for passing off.

53. However, CGMA’s own web site as at 22 June 2000 (15 days before the application was filed) made it clear that it did not take part in the actual trade of the market nor in the enforcement of grading or quality standards. CGMA’s claim to be the owner of any goodwill under the name of the market in respect of the produce traded in at the market is therefore based upon a claim that it granted its tenants an informal unwritten licence to use the name.

54. There is nothing in the evidence which persuades me that CGMA exercised any real control over its tenants’ use of the name ‘New Covent Garden Market’ up until the date of the application. Soup Co’s own tenancy agreement with CGMA (which had effect until March 1997) did not contain any provisions controlling the use of the name. And the year 2000 lease ‘template’, does not show control of the name as CGMA claims because it appears to exclude existing tenants from such restrictions. In any event, ownership of goodwill is largely a question of fact which mostly turns on the relevant public’s perception of who is responsible for the trade. The relevant public for this purpose is largely comprised of those engaged in the trade in horticultural and catering products.

55. I regard it as highly significant in this regard that CGMA’s web site carried a statement expressly distancing itself from the actual trade in produce at the market it operated.

56. Nor do I regard the evidence of promotion of the market at trade fairs and exhibitions as providing evidence that CGMA was perceived by the relevant public as being engaged in the trade in horticultural produce. Under cross examination, Mr Farey stated that the market had a publicity budget which was jointly funded by CGMA and its tenants and used to fund these promotional activities. He evidently believed that such activity entitled CGMA to claim to be the proprietor of the trade mark ‘New Covent Garden Market’ in relation to the produce sold at the market. However, I think that the better view is that these activities were intended to promote both the market, which was operated by CGMA, and the horticultural produce being traded at the market by the various traders there. The sort of persons attending these trade fairs would be likely to have had knowledge of the market and how it was organised. They would have understood these promotions as being the joint ventures that they were. They would not have been understood as indicating that the produce

sold at the market was that of CGMA, or that CGMA was holding itself out as being responsible for it.

57. I therefore find that CGMA was not the owner of a goodwill under the name 'New Covent Garden Market' in respect of a trade in horticultural or other catering produce at the date of the application.

58. That finding is not enough for Soup Co's claim under this head to succeed. Unless the market traders collectively owned a relevant goodwill (as Soup Co claims) there can have been no bad faith in CGMA making the application to register the mark in its own name. As I have already noted, the traders at the market trade independently of one another under their own names. Consequently, if a collective goodwill exists under the name of the market in respect of a trade in horticultural and catering produce, it must have been in respect of the class of goods sold at the market.

59. It is well established a name can acquire a goodwill and reputation not only in respect of the trade of an undertaking, but also in respect of a class of goods. The *Advocaat* case, [1980] RPC 31, is an example. But for a goodwill to exist in the extended form of the tort, the class of goods must be clearly defined in the minds of the relevant section of the public, and the trade name must distinguish goods of that class from other similar goods (per Lord Fraser in the *Advocaat* case, at page 105).

60. The evidence in this case establishes that New Covent Garden Market is a well known market, and I dare say that it is regarded as a good place to buy fresh horticultural produce. But I see nothing in the evidence which establishes that the produce sold at the market (as opposed to the market itself) is regarded as having a discrete reputation as compared to other horticultural or catering produce.

61. I have not overlooked the evidence that Soup Co itself for a time made play of its earlier connection with the famous market, but I do not regard this as establishing that the name of the market distinguishes a class of horticultural produce.

62. I cannot see any basis for the allegation that the traders at the market collectively owned a goodwill under the mark in respect of transport and storage services in Class 39 and restaurant and catering services in Class 42.

63. In the absence of knowledge of an established and relevant goodwill owned by the traders at the market, the first of Soup Co's two allegations of bad faith must fail. I so find.

The Second Bad Faith Allegation

64. The second bad faith allegation is that the mark was not being used by CGMA, or with its consent, at the date of the application in respect of goods falling in classes 29, 30, 31, 32 and 33, or services falling in classes 39 and 42, and that there was no *bona fide* intention for the mark to be so used. The statement to this effect on the form of application was therefore materially false.

65. In *Demon Ale* [2000] RPC 345, Mr Geoffrey Hobbs Q.C., as The Appointed Person, upheld a bad faith objection on the ground that the applicant for registration

of a trade mark had no intention of using the mark in respect of the goods listed in the application, contrary to the statement on the form of application required by section 32(3) of the Act. The statement required is that:

The trade mark is being used by the applicant or with his consent, in relation to those goods or services (listed in the application), or that he has a *bona fide* intention that it should be so used.

66. Although section 3(6) is based upon Article 3(2)(d) of the Directive, section 32(3) does not come from the Directive. It is a home grown requirement. Nevertheless, Mr Hobbs saw no reason to doubt that section 32(3) was compatible with the Trade Mark Directive. He noted that the 8th recital to the Directive specifically confirms that “in order to reduce the number of trade marks registered and protected in the Community...it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation.”

67. In *Reckitt Benckiser (UK) Ltd v Robert McBride Ltd*, BL 0/355/04, Mr Arnold, sitting as The Appointed Person, similarly saw no incompatibility between section 32(3) and the Directive.

68. However, in *Knoll AG's Trade Mark* [2003] RPC 10, Mr Justice Neuberger (as he then was) appeared to believe that there may some tension between the requirement of section 32(3) of the Act and the provisions of the Directive. He said:

“33.there is force in Mr Campbell's submission that one must be a little careful about founding a conclusion of bad faith, for the purposes of s.3(6) on the basis of a statement made as a result of the requirements of s.32(3) of the 1994 Act. As I have mentioned, as a matter of basic EC law, the UK is bound to give effect to the Directive. While, as I have also mentioned, s.3(6) of the 1994 Act derives from, and is consistent with, Art.3(2)(d) of the Directive, there is no equivalent to s.32(3) of the 1994 Act in the Directive, as Jacob J. pointed out in *La Mer Technology Inc. v Laboratories Goemar* [2001] All E.R. 296 at para.19(e). Accordingly, as Jacob J. went on to explain, OHIM "are quite content to permit ... very wide specifications."

34. It may therefore be that, if a proprietor loses (or is refused) a UK trade mark, or, indeed a UK extension of an international registration, purely because of the width of the specification claimed, pursuant to the requirements of s.32(3) of the 1994 Act, that may be inconsistent with the Directive. Indeed, I think there may be an argument to the effect that the provisions of s.32(3) of the 1994 Act are of questionable validity in these circumstances, but that is not a point which it is appropriate for me to consider further in this application. All I would say is that the fact that there is no equivalent of s.32(3) of the 1994 Act in the Directive means that this Court should be reluctant, rather than eager, to find in favour of the sort of argument raised by the claimant here.”

69. Although he appears to have envisaged some results which could be incompatible with the Directive, the judge did not find the requirement for a statement under section 32(3) as such to be incompatible with the Directive. In this connection, I note that the fifth recital to the Directive states the member states remain free to set the procedures for obtaining registration. The judge's concern was that section 32(3)

should not be viewed as introducing a further substantive ground for refusal for which there is no basis in the Directive. In order to meet this point it is necessary, when considering the interaction between sections 3(6) and 32(3), to focus on the question of whether the applicant made the statement required by section 32(3) in bad faith, rather than on simply the factual accuracy of the statement. I will approach the matter accordingly.

70. For a mark to be used as a trade mark it must be used in accordance with the essential function of a trade mark. This has been described by the European Court of Justice (ECJ) in Case C-10/89, *HAG II*, [1990] ECR I-3711, in these terms:

“Trade mark rights are, it should be noted, an essential element in the system of undistorted competition which the [EU] Treaty seeks to establish and maintain. Under such a system, an undertaking must be in a position to keep its customers by virtue of the quality of its products and services, something which is possible only if there are distinctive marks which enable customers to identify those products and services. For the trade mark to be able to perform this role, it must offer a guarantee that all the goods bearing it have been produced under the control of a single undertaking which is accountable for its quality.”

71. This is consistent with the terms of Article 19(2) of the later TRIPS Agreement, under which:

“When subject to the control of its owner, use of a trademark by another person shall be recognised as use of the trademark for the purpose of maintaining the registration.”

72. The lack of any trade in horticultural and catering products by CGMA itself coupled with the absence of control of the use made of the name by its tenants means that CGMA was not using the name of the market as a trade mark for goods at the date of the application. I do not therefore consider that the statement made on the application was accurate to the extent that it stated that:

“The trade mark is being used by the applicant or with his consent, in relation to those goods.... [in the application]....”

73. The statement made on the application form may nevertheless have been accurate if CGMA had “...a *bona fide* intention that it should be so used.”

74. There is no evidence that the 2000 lease ‘template’ existed at the date of the application, but it appears to have been brought into existence at some time in the year 2000. It therefore appears to represent CGMA’s thinking around the time the application was made. Clauses 3.18 and 3.27 of the template appear to introduce controls on CGMA’s tenants’ use of the name of the market. Clause 3.18 would only apply after a tenant left the market. Clause 3.27 was to operate during the period of the lease, but was not to apply to existing tenants, and would not prevent new tenants from using the name of the market solely as a part of their address. If the leases granted after the year 2000 took this form, the effect would therefore have been to introduce some control over new and departing tenants’ use of the name of the market

in trade names, but existing tenants would have been unaffected whilst they retained premises at the market.

75. I think that this lease 'template' does show an intention to introduce some control over CGMA's tenants' use of the name of the market. The control would not have been complete until all the existing tenants left the market. Further, as Mr Arnold pointed out, for the name of the market to function as a trade mark for the produce sold there, it must identify an undertaking which is accountable for the quality of all the goods sold under it.

76. Ms Lane relied upon *IHI Internationale Heiztechnik GmbH and Another v Ideal Standard GmbH and Another* [1995] FSR 59, as indicating that the mere possibility of control is sufficient for an undertaking to claim to be accountable for the quality of the goods. In that case the ECJ stated that:

“.....the decisive factor is the possibility of control over the quality of the goods, not the actual exercise of that control.”

77. Thus, the court explained, a licensor of a mark could not oppose the importation of his licensee's products on the grounds that they are of poor quality. For if the licensor tolerated the manufacture of poor quality products, despite having contractual means of preventing it, he must bear the responsibility. This is plainly the sort of thing that the court had in mind when it used the term “accountable” in its judgement in *HAG II*.

78. The facts in this case are far removed from those in *IHI v Ideal Standard*. There is no evidence of any licensing of the name of the market as a trade mark for goods. And the suggestion that the revised 2000 tenancy lease agreement may have permitted CGMA some control over the quality of its tenants' goods through the application of some yet-to-be-devised market bye law appears to me to be a feeble and inadequate substitute for customary contractual licensing conditions.

79. During cross examination Mr Farey suggested that CGMA exercised control over the quality of its tenants' goods through its Health and Safety Officer. However, I think that Mr Arnold was plainly correct in stating that this was simply about the market's compliance with health and safety regulations rather than a means by which CGMA became accountable for the quality of its tenants' produce.

80. I am therefore of the view that the part of the statement made under section 32(3) of the Act declaring that CGMA had a *bona fide* intention that the mark should be “so used” (that is, as a trade mark) for the goods sold at the market was also technically inaccurate because the use that CGMA had in mind did not correspond with the essential function of a trade mark .

81. I do not consider that this inaccuracy means that the statement was made in bad faith in relation to the horticultural and catering products traded in at the market. Although I think that it was in error to do so, I do not think that it was dishonest or below normal standards of commercial behaviour for CGMA to claim that the name of the market was a trade mark for the products sold there. It was plainly aware that it did not trade in goods itself and had no intention (and probably no power) to do so.

However, unlike in the *Demon Ale* case, CGMA was in a business that had a commercial interest in the sale of horticultural and catering produce (in the sense that it operated a market from which such goods were sold). Further, the 2000 lease ‘template’ indicates that CGMA had an intention to introduce controls over the use made of the name of the market by its tenants. I do not therefore believe that CGMA made a literally false statement in stating that there was a *bona fide* intention that the mark ‘New Covent Garden Market’ would be used “with its consent” in relation to relevant products in the application.

82. In my view, the absence of quality control by CGMA should not materially affect my conclusion about whether the statement was made in bad faith. Firstly, the question of whether quality control is part of the essential function of a trade mark is the subject of some legal uncertainty: see *Scandecor AB v Scandecor Marketing AB* [2002] FSR 122. Secondly, the question of quality control is not expressly covered by the statement made under section 32(3). It only arises by way of implication of what is meant by the words “The **trade mark** is being used by the applicant or with his or her consent” (emphasis added).

83. What it boils down to is that CGMA had an inadequate grasp of the essential function of a trade mark and therefore failed to appreciate that the sort of use that it had in mind did not mean that the name of the market was a trade mark for the goods sold there. There was (and still is) widespread misunderstanding and controversy as to the precise role that a trade mark plays in commerce. In my view, CGMA had insufficient knowledge of the matter for their section 32(3) statement to be found to have been made in bad faith. I am not suggesting that ignorance of the law (or of relevant facts) is necessarily a defence to a claim of bad faith. There may be situations in which a party can properly be held to have acted in bad faith partly as a result of a failure to appreciate matters which a reasonable person observing normal commercial standards of behaviour would have appreciated, or at least made it their business to find out about. But I do not think that this is such a case.

84. The facts here are far removed from those in the *Barlow Clowes* case. I do not believe that the mainly objective approach to the assessment of dishonesty explained by the Privy Council in that case could have been intended to result in an applicant for the registration of a trade mark being found to have acted in bad faith as a result of an understandable failure to appreciate a still-not-entirely clear point of trade mark law.

85. I further find that, with one exception (which I come to below), the section 32(3) statement was not made in bad faith in relation to the other products listed in classes 29-33. The market was engaged upon a policy of diversification at the time the application was filed. CGMA had already granted leases to tenants with a trade in non-horticultural trade of around £40m per annum and it plainly intended to further diversify the market. Its objective was for the market to become a “one-stop shop” for catering supplies. If I am right in holding that the statement made under section 32(3), although technically inaccurate in relation to the goods traded in at the market, was nevertheless made in good faith, then I think the applicant’s diversification plans must justify the same conclusion for most of the other goods in these classes.

86. CGMA’s attempt to expand the market to cover face-to-face sales of meat, meat products and fish and the subsequent judicial review proceedings understandably

occupied quite a bit of time at the hearing. However, I do not regard the outcome of the judicial review proceedings as being highly relevant to the question of whether CGMA was acting in bad faith in seeking to register the mark for these goods. CGMA applied to the Ministry of Agriculture, Fisheries and Food (as it then was) in late 1999 for permission to extend the scope of the market's activities. The particular sensitivity relating to meat and fish products exists no doubt because of the other large wholesale markets in London (Smithfields and Billingsgate) which specialise in such goods. The Ministry appears to have considered that the Acts governing the operation of New Covent Garden Market permitted an extension of trade to these products. In November 2001 the Minister indicated an intention to approve the application. This was eventually granted on 20 June 2003.

87. The courts have subsequently held that the relevant Acts do not permit such an extension of trading at the market. But I do not consider that the courts' judgments mean that the statement made by CGMA under section 32(3) of the Act was made in bad faith. This is because CGMA (nor it appears the Ministry) had sufficient knowledge of the scope of the relevant law to know when the statement was made that there was no legal basis to extend the scope of the market to include face-to-face sales of meat, meat products and fish.

88. I therefore reject the second bad faith claim insofar as it covers goods in classes 29-33, except for 'foodstuffs for animals'.

89. I do not believe that CGMA had any intention to use the mark, or for the mark to be used with its consent, in relation to 'foodstuffs for animals' in Class 31. These are plainly not the catering supplies market into which CGMA planned to expand the activities of the market, and I see no other justification for the claim in respect of this product. I suspect that it has been included for no better reason than that it is included in the Class heading for Class 31.

90. I also reject the second bad faith claim with regard to the transport and storage services in Class 39. It is evident from CGMA's web site, and from its annual report, that it operates storage and delivery services for its tenants. At the hearing, I asked Ms Lane whether the tenants were to be regarded as internal to CGMA's organisation or as being external to it. In order to bolster CGMA's claim that the tenants operated as pseudo-licensees in relation to the trade in goods (and to support a claim to genuine use of a similar registered mark in a related revocation action heard at the same time as this opposition), she submitted that the tenants should be regarded as internal. However, I have found that the tenants operated outside of CGMA's control. They are plainly economically independent of CGMA. They are therefore external. The storage and delivery services provided to its tenants can therefore be the legitimate subject of a trade mark claim. As the operator of the market, I do not believe that CGMA was acting in bad faith in claiming to have an intention to provide such services under the name of the market. I therefore reject the second bad faith claim insofar as these services are concerned.

91. As far as I can see, CGMA has offered no justification for the statement made under section 32(3) in relation to "packaging of goods" nor in relation to "travel arrangement". Again, I suspect that these descriptions have been included simply

because they complete the Class heading for Class 39. The second bad faith claim therefore succeeds for these services.

92. Mr Arnold accepted that section 18(1)(d) of the Covent Garden Market Act 1961 gave CGMA the power to operate restaurant services in Class 42, and there may in fact be a restaurant at the market operated by a third party under its own trading name. When cross examined by Mr Arnold on this point, Mr Farley's response was unequivocal:

Q. I was asking about the services the Authority traded in. Let me give you an Example. CGMA did not run a restaurant in July 2000, did it?

A. No.

Q. Nor did it have any intention to run a restaurant in July 2000.

A. No.

93. It has not been explained how else CGMA believed that it was trading in catering, cafe or restaurant services at the date of the application, or how it intended to enter such a trade. Consequently, in the light of these answers I think that Soup Co's second bad faith claim must succeed in relation to the restaurant, cafe and catering services in Class 42.

94. In summary, the first bad faith claim fails. The second bad faith claim succeeds for 'foodstuffs for animals' in Class 31, 'packaging of goods' and 'travel arrangement' in Class 39, and for all the services specified in Class 42.

Section 3(1)(a), (b) and (c)

95. Section 3(1) of the Act (insofar as it is relevant) is as follows:

3. (1) The following shall not be registered:

- a) signs which do not satisfy the requirements of section 1(1),
- b) trade marks which are devoid of any distinctive character,
- c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services
- d) –

96. Although Soup Co opposed registration under each of these subsections of the Act, Mr Arnold concentrated on section 3(1)(b) and (c). In the light of the ECJ's judgment in case C-299/99, *Philips v Remington*, [2003] RPC 2 (at paragraph 37 on page 23), it is clear that the distinctiveness objection under section 3(1)(a) stands or falls together with the objections under section 3(1)(b) and (c). I therefore need say no more about it.

97. These objections are also directed at all of the goods and services in the application.

98. The ECJ provided clarification of the meaning of the term “devoid of any distinctive character” in Article 3(1)(b) of the Directive (from which section 3(1)(b) of the Act is derived) in paragraph 35 of its judgement in *Philips v Remington*. The court re-iterated its position in a later judgment in *Linde AG v Windward Industries Inc.* [2003] RPC 45, in which it stated (at paragraph 40) that:

“For a mark to possess distinctive character within the meaning of that provision it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from products of other undertakings”.

99. The matter must be judged as at the date of the application: *Postkantoor*, Case C-363/99 [2004] ETMR 57 at paragraph 123.

100. It is, as Mr Arnold submitted, beyond dispute that, at the date of the application, ‘New Covent Garden Market’ designated a wholesale market at which a large number of undertakings traded in horticultural and other catering products.

101. In cross examination, Mr Arnold put it to Mr Farey that tenants of the market typically used the name ‘New Covent Garden Market’ as part of their trading styles. He drew to Mr Farey’s attention one particular example of use of the name in March 2003 on the side of a van. Mr Farey responded:

A. I do not know that they are typical tenants. I do not know that I can agree to those terms. I certainly agree that a number of tenants used the name at that time.

Q. And that was equally so in July 2000?

A. I would say so.

102. That suggests that the name of the market did not serve to distinguish the horticultural products of one undertaking in July 2000.

103. Mr Ib Levin has long experience of the trade at New Covent Garden Market. His evidence is that, as a trader at the market, he would assume that flowers said to have come from New Covent Garden Market, would have come from the market located at Nine Elms Lane, but that he would not know which trader at New Covent Garden Market sold the flowers because he would regard New Covent Garden Market as merely the location from which the flowers were bought. I regard his views as being likely to be representative of the buyers and sellers at the market.

104. Of course, Mr Levin is a trader with intimate knowledge of the market and how it is organised, whereas the relevant public for this purpose also comprises the general public who are the customers and end users of horticultural produce. I do not, however, believe that the reaction of the general public to the mark is liable to be any different. The public are well used to shopping at markets and would be aware that traders at a market normally trade on their own account rather than on behalf of the operator of the market. In that respect the situation may be likened to the position of

traders in a shopping centre (or a travelling market come to that), which would not usually be taken to identify the goods of one undertaking, but rather the goods available from a variety of traders. Indeed it is this very choice and range of undertakings that attracts consumers to visit markets, shopping centres and the like.

105. I therefore find that the name of the market was devoid of any distinctive character for the horticultural products associated with the market at the date of the application.

106. What about the remaining goods? The market had plainly already diversified by the date of the application. It is inherent in CGMA's position that such diversification into other catering supplies such as wines, cheeses, dairy produce and confectionery, and the further diversification proposed into, inter alia, meat and fish, were natural extensions of the trade of the market. I believe the relevant public would look upon the matter in the same way. The result would be that 'New Covent Garden Market' would be perceived by such consumers as identifying the market from which such goods were sold, rather than identifying the goods of a particular undertaking. Consequently, I find that the mark was also devoid of any distinctive character in respect of the balance of the goods in classes 29-33.

107. I see no grounds for holding that the mark lacked distinctive character for the services provided in classes 36, 39 or 42. CGMA plainly leased accommodation under the name of the market. It also provided storage and transport services to its tenants and was responsible for providing and maintaining the premises from which the market operated. I see no reason why the name of the market could not have distinguished such services.

108. Mr Fowler's evidence indicates how the name of the market was used, and appears to have distinguished, the advertising services provided to its tenants. I would therefore also reject the objection as far as advertising services is concerned.

109. I have heard no arguments which satisfactorily explain why the mark could not distinguish 'business management' and 'business administration' services.

110. Further, although I have found that CGMA did not (and had no plans) to operate a catering service at the date of the application, I see no reason why the name of the market could not have distinguished the catering or restaurant services of a particular undertaking, whether it was located at the market or elsewhere.

111. Accordingly, I reject the objection under section 3(1)(b) insofar as these services are concerned.

112. A trade mark must be refused registration if any one of the grounds of refusal set out in section 3(1) applies. Consequently, there is no need for me to consider whether registration of the mark for goods is also excluded under section 3(1)(c) of the Act.

113. The question remains in respect of objection raised to the registration of the mark for the services covered by the application (although, unless I am subsequently found to have been wrong, my finding under section 3(6) makes the question academic as far as services in Class 42 are concerned).

114. Mr Arnold reminded me of the following passage from the judgment of the ECJ in Joined Cases C-108 and 109/97 *Windsurfing Chiemsee*, [1999] ETMR 585, in which the court stated that Article 3(1)(c) of Directive 104/89 (from which section 3(1)(c) of the Act is derived):

“- ..does not prohibit the registration of geographical names as trade marks solely where the names designate places which are, in the mind of the relevant class of persons, currently associated with the category of goods in question; it also applies to geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of the goods;

- where there is currently no association in the mind of the relevant class of persons between the geographical name and the category of goods in question, the competent authority must assess whether it is reasonable to assume that such a name is, in the mind of the relevant class of persons, capable of designating the geographical origin of that category of goods;

- in making that assessment, particular consideration should be given to the degree of familiarity amongst the relevant class of persons with the geographical name in question, with the characteristics of the place designated by that name, and with the category of goods concerned;

- it is not necessary for the goods to be manufactured in the geographical location in order for them to be associated with it.”

115. On this basis he submitted that:

- i) New Covent Garden Market is well known as designating a location for a horticultural market in London;
- ii) the name is capable of being used by anyone trading at that market as an indication of the geographical origin of the goods or services offered there;
- iii) it is irrelevant that the name is not currently associated in the public’s mind with goods and services, other than the goods in Class 31.

116. Ms Lane submitted that the name of the market was not a geographical designation at all. There was no area known as ‘New Covent Garden Market’. The name only identified the market operated by CGMA. She submitted that the name was therefore analogous to that of a large department store, such as Selfridges. Yes, there were signs pointing to it and it appeared on maps, but no-one would say that it was the ‘geographical origin’ of any goods or services bought there.

117. I think that Ms Lane is right about this. It appears to me that the name of a commercial enterprise, such as a market (or a shopping centre) is not what the legislature had in mind when it excluded the registration of signs that may serve in trade as designations of the geographical origin of goods or services. It is true that the particular market at issue occupies a fixed location, but in my view that location is

better classified as its address rather than as the ‘geographical origin’ of the relevant services. The section 3(1)(c) objection therefore fails.

Section 5(2)(b)

118. Given my findings under section 3(6) and 3(1)(b), there is strictly no need to address the objections under section 5(2), which goes to goods and services which I have already decided should be refused registration. However, in case the matter goes further and I am found to be wrong on one or more of these grounds, I will address the objection under this provision. Section 5(2)(b) is as follows:

5.- (2) A trade mark shall not be registered if because-

(a) –

b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

119. Soup Co relied upon five earlier trade marks in its Notice of Opposition but before me Mr Arnold was content to rely on just three (the others he correctly judged took Soup Co’s case no further). These are registration No 2037449 for the word mark NEW COVENT GARDEN SOUP CO., which is registered for ‘soups and soup preparations’, and registration No 2190367, which covers two virtually identical marks (shown at paragraph 2(i) above). I will call these the ‘Soup’ marks.

120. The Soup marks are registered for “Soup; milk beverages; potato crisps; snack foods included in Class 29” and for “Snack-bars; catering services; provision of snack foods.”

121. It is not disputed that all three marks are ‘earlier trade marks’ within the meaning of Section 6 of the Act.

122. I remind myself of the guidance given by the European Court of Justice in the now well known cases of *Sabel BV v. Puma AG, Rudolf Dassler Sport* [1998] RPC 199, *Canon v MGM* [1999] RPC 117, and *Lloyd Schuhfabrik Meyer & Co. v. Klijsen Handel BV* [2000] FSR 77. It is apparent from these cases that the likelihood of confusion must be appreciated globally, taking account of all the relevant factors.

123. It has been noted that a lesser degree of similarity between the respective goods may be offset by a greater degree of similarity between the respective marks, but that the goods must share some similarity in order to fall within the scope of section 5(2): see *Intel Play* [2004] ETMR 44.

124. Furthermore, there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it.

125. I turn first to consider the objection based upon the word mark.

Similarity of the Marks

126. The earlier mark is the words New Covent Garden Soup Co. Mr Arnold submitted that this mark has a high degree of similarity to New Covent Garden Market because the dominant and distinctive feature of both marks is 'New Covent Garden'. In support of this submission, Mr Arnold relied upon the informal survey evidence submitted by Debbie Kohner, which purports to show that many people shorten Soup Co's trade mark to 'New Covent Garden' or just 'Covent Garden.'

127. Whilst accepting that the marks have an important element in common, Ms Lane submitted that the overall impression created by the respective words is very different. The earlier mark refers to a company which specialises in soup whereas the later mark is clearly the name of a well known market. As far as Ms Kohner's evidence is concerned, Ms Lane suggested that it was unreliable and should not be given weight.

128. I believe that Ms Lane is right about this. The survey was undertaken within the firm of solicitors acting for Soup Co. It is obvious from some of the answers described in my earlier summary of Soup Co's evidence that at least some of the respondents were aware of the dispute between the parties. Their answers may have been affected by this. It is not possible to know how many other respondents were in the same position but were not crude enough to confess to their knowledge of the dispute (and therefore of the likely purpose of the survey) in their e-mail replies. Further, Soup Co re-branded itself as New Covent Garden **Food** Co. in 2002, two years after the date of the application, but up to two years before this survey was undertaken. It appears to me that customers may be more likely to shorten the new name to 'New Covent Garden' than the old name. Accordingly, usage in 2004 may not reflect the situation at the date of the application in 2000.

129. Nor am I greatly impressed by the other evidence (described at paragraph 13 above) of shortening of Soup Co's name to 'New Covent Garden'. Most of it is either journalistic shorthand where the identity of the undertaking being referred to is made clear, or similar shorthand use between one trader and another. The only evidence of consumers shortening the name is that contained in the transcript of some market research conducted in December of 2000. This is flimsy evidence.

130. Nevertheless, I think that it is inherently likely (because of the length of the name) that some customers are likely to have abbreviated even Soup Co's old mark to 'New Covent Garden', although not on the scale suggested by the survey. I therefore accept that the aural similarity between the marks is potentially significant. Further, the fact that both marks begin with the same three words means that there is a significant degree of visual similarity. Set against these similarities are the conceptual differences which arise once the three common words in the marks are qualified by the words '..Soup Co.' and '...Market', respectively. If the consumer is conscious of the wholes of the respective marks, the conceptual differences identified by Ms Lane will help to mitigate the effect of the visual and aural similarities. Overall, I conclude that there is a moderate degree of similarity between the marks.

Identity of Goods?

131. As I understood him, Mr Arnold put forward two different bases for submitting that the goods covered by Class 29 of CGMA's application are identical to the goods covered by Soup Co's word mark, i.e. 'soup and soup preparations'.

The Meaning of a Class Heading in a Trade Mark Specification

132. Firstly he submitted that the goods must be identical because CGMA's application covers all the items listed in the Class heading for Class 29, and must therefore cover soup, which falls in that Class. In support of this submission he relied upon the Court of Appeal's judgment in *Altecnic* [2002] RPC 34, which he submitted meant that one had to construe the specification in the light of the Class number. In this case, that meant understanding the words in CGMA's specification, not only in their commercial context, but also by reference to the Class that they are in.

133. Ms Lane submitted that the specification should be taken at face value. It did not cover soup.

134. I do not believe that the Court of Appeal's judgment in *Altecnic* has the effect suggested by Mr Arnold. The goods in that case were clearly stated as being certain types of valves. The application was made in Class 7 and a question arose as to whether the Class could be changed to Class 11, into which valves also fall. The Registrar refused to permit the amendment on the basis that the meaning given to the descriptions used was constrained by the applicant's choice of Class. The descriptions filed therefore covered only those valves which fell in Class 7, and not those which fell in Class 11. The Court of Appeal found that the Registrar was entitled to treat the Class number in the application as relevant to the scope of the application.

135. However, in that case the Class number operated so as to provide a context which qualified or limited the meaning given to the descriptions of goods in the specification. In my view, *Altecnic* provides no authority for the proposition that the Class number can be taken to **extend** the scope of protection that would otherwise be afforded to descriptions of goods. On the contrary, there is ample authority that descriptions of goods and services must be given their natural meaning subject to their context: see *Beautimatic* [2000] F.S.R. 267. And, in the case of services, the courts have held that the terms used in specifications should be confined to the core of their possible meanings: see *Reed v Reed* [2004] RPC 40.

136. Moreover, there are powerful policy and practical reasons for avoiding the approach to construction suggested by Mr Arnold. Each of the goods classes covers many thousands of products. The Class headings are only indicative of the items in each class. They cease to have any special status as a 'Class heading' when they are used as a list of goods and services for the purpose of section 32(2)(d) of the Act. If it were otherwise such lists would provide 'invisible' protection for the many items in every class which are not naturally described by any of the terms used in the Class heading. This case provides an example. The closest fit for 'soups' in CGMA's Class 29 list is 'meat extracts' or 'cooked vegetables', neither of which are, in my view,

natural descriptions of a soup. In order to justify the approach that a specification corresponding to a Class heading is an all encompassing list of the goods in that Class, one either has to ‘force fit’ products into descriptions which do not naturally cover them, or to proceed on the basis that the all the other products in a Class are present ‘in the gaps’ between the indicative descriptions used.

137. The latter approach would cause great problems in determining how the scope of protection would be affected by the subsequent deletion of one of the terms from the Class heading. If the specification ceases to have any special status because it no longer corresponds to a Class heading, does that mean that protection ceases to apply to the unnamed products which were covered only because the specification originally corresponded with the Class heading?

138. Neither justification for this approach permits such a specification to do what it is supposed to do – which is to provide a fixed point of reference from which anyone looking at the register can deduce the goods or services for which the trade mark is registered.

139. I would therefore reject the submission that CGMA’s Class 29 specification must cover soups simply because it corresponds to the heading of a Class in which soups fall. The fact that CGMA itself does not claim that its specification covers soups is a further reason to reject the Class-heading-covers-all approach. In this connection, I note that CGMA’s specification in Class 29 originally included a further term “all other goods in Class 29”, indicating that CGMA has never taken the position that the descriptions of goods used in its Class 29 specification embraced all of the goods in that Class.

140. I am aware that the view I have expressed above is contrary to that expressed by OHIM in communication 4/03 by the President of that Office. A divergence of practice on this point is plainly undesirable. I have therefore considered very carefully whether there are tenable reasons for taking a similar view of the matter. Unfortunately, for the reasons given above, I have concluded that there are not.

141. Mr Arnold’s second submission was that ‘meat extracts’ were identical to ‘preparations for making soups’ because the former covers beef extract which is a preparation for making a consomme, which is a type of soup. I see the force of this point and I believe that Mr Arnold is right about this. I therefore find identity between the respective specifications insofar as the application covers ‘meat extracts’. The rest of the respective goods and services are not identical.

Similarity of Goods/Services

142. In *Canon v MGM* [1999] ETMR 1, the ECJ stated that the following factors may be taken into account in determining the degree of similarity between goods or services:

- i) The nature of the goods/services;
- ii) The intended purpose of the goods/services;
- iii) The method of use;
- iv) Whether the respective goods/services are in competition;

v) Whether they are complementary.

143. Mr Arnold submitted that all the goods and services identified in the Notice of Opposition were sufficiently similar to “soups and preparations for making soups” to support the objection under Section 5(2).

144. The respective goods are all similar in nature in one respect. They can all be loosely classified as ‘food and beverages’. Further, it may be said that they share their intended purpose with soup because, again at a very general level, they are all intended to be consumed. However, in my view, without more, these similarities only result in a minimal degree of similarity. I suppose that ‘bread’ could be regarded as being complementary to soup, which increases the degree of similarity between that item and soup.

145. When pressed, Mr Arnold identified two categories of products which represented the closest points of similarity between the non-identical goods. Firstly, that certain products, such as meat, fish, poultry, game, milk products (cheese), fruits and vegetables, are more specifically similar in nature because they are recognisable as being the main ingredients for most soups.

146. I accept that this increases the degree of similarity between the nature of the respective goods, but I do not think that, considered simply as ingredients for soups, it increases (or introduces) a level of similarity under any of the other heads.

147. Secondly, there are the sorts of goods which Soup Co had traded in the past, such as fruit sauces, beans and lentils and beans and tuna, which Mr Arnold submitted, represented natural extensions of a trade in soups. What these products have in common with soups is that they are sold as fresh chilled ready-to-eat products. I accept that that introduces a further point of similarity under the heading “method of use”. Based on my own experience, I do not think it likely that a fruit sauce would normally be regarded as an alternative, or as being complementary, to soups. I can see that beans and lentils (or tuna) may be regarded as an alternative to soup (as a light meal), and in that context the intended purpose of these goods is quite similar to soups.

148. I conclude that there is a very minimal level of similarity between most of the respective goods, but that there is a slightly higher level of similarity between soup and bread and those products which are recognised by consumers as being the main and usual ingredients for soups. There is a modest degree of similarity between soups and those goods, such as fruit sauces, which are likely to be found, like some soups, in a chiller cabinet (although not necessarily in the same chiller cabinet). As a matter of logic, the same must apply to tinned products, such as preserved fruits and vegetables, which (again like soups) are likely to be sold in tins in roughly the same area of a shop as tinned soups.

149. The closest point of similarity is between those products which are prepared light meals, such as beans and lentils, which are an alternative to soups, and therefore have the same specific intended purpose as, and are indirectly in competition with, soups. Even in this case, I do not find the respective goods to have the highest degree of similarity.

150. As regards the services in Class 42, I find that there is little similarity between soups and most restaurant, café and catering services. However, I think that there is a high degree of similarity between soups and catering services in the nature of soup bars. In my view, these goods and services share their intended purpose, which is the provision of soups, and are to some extent in competition with each other (in the sense that consumers may decide to buy soup from a soup bar as an alternative to buying it from a shop and serving it themselves).

The Distinctive Character of the Earlier Mark

151. There is little doubt on the evidence that the mark ‘New Covent Garden Soup Co.’ was a well known brand for fresh soups at the relevant date. Its reputation is built upon the market in the UK it effectively established for fresh soups available in chilled form.

Likelihood of Confusion

152. In approaching this question, I take account of the fact that CGMA’s mark is also well known as being the name of a famous market. I will assume that, contrary to my earlier findings under section 3(1)(b), that the name of the market has the capacity to identify the goods of one undertaking, namely CGMA, and that its use as a trade mark for goods is therefore capable of resulting in confusion with Soup Co’s mark.

153. The matter must be judged through the eyes of an average consumer of the goods or services, who is deemed to be reasonably observant and circumspect, but who rarely has both marks before him and may imperfectly recollect a trade mark he has earlier seen. The relevant consumer for this purpose extends to the general public who purchase the wide range of food and beverages in CGMA’s application, and who use restaurant services.

154. The fact that the name of market is well known and easily recognised should reduce the likelihood of confusion with Soup Co’s mark because it increases the significance of the conceptual differences between the marks. On the other hand, the reputation of the earlier mark for soups is likely to increase the likelihood of confusion between the marks in the following ways:

- i) A mark with a high reputation is likely to be the subject of many word of mouth enquiries, which increases the likelihood of aural confusion arising as a result of the shortening of the earlier mark to ‘New Covent Garden’;
- ii) The human eye has a propensity to see what it expects to see, and when confronted with a mark which has some visual similarity to a well established mark, the average consumer is therefore more liable to approximate the similar mark to the well known mark.

155. Both these points plainly have much more force when the similar mark is being used in relation to the goods that the consumer associates with the well known mark. In this case soups. But the second point may also affect the likelihood of confusion when it comes to goods or services which bring to mind the goods for which the earlier marks enjoys a reputation.

156. Accordingly, taking account of the degree of similarity between the marks, the fact that the name of the market is well known amongst the public, and the scope and extent of Soup Co's reputation as a mark for fresh soups, I find that there is a likelihood of confusion to the extent that CGMA's application covers:

- i) identical goods, i.e. 'meat extracts' v 'preparations for making soups';
- ii) chilled prepared snack foods other than soups;
- iii) catering services in the nature of soup bars.

157. Had it been necessary to have done so, I would have found that the section 5(2)(b) objection based upon earlier trade mark No. 2037449 succeeded to this extent.

158. The second section 5(2)(b) objection is based upon the 'Soup' marks. I will only consider it to the extent that it may extend the success of the objection based upon the word mark. I therefore need only consider this mark insofar as it is registered for 'milk beverages', 'potato crisps' and 'snack foods included in Class 29' and 'Snack-bars; catering services; provision of snack foods' services in Class 42.

159. The first two goods are identical to 'milk and milk based products' and 'cooked vegetables' in Class 29 of the application. 'Snack foods' encompasses a number of products in Class 29 of the application including 'cooked vegetables' (crisps) and 'milk products' (yoghurts and cheese).

160. CGMA's Class 42 specification covers all the services in Class 42 of the earlier mark. There is therefore also identity here.

161. Mr Arnold submitted that as the word 'Soup' is simply descriptive, the dominant and distinctive element of this mark should be considered to be the words 'New Covent Garden. Soup Co.'. Ms Lane submitted that the dominant element was plainly the stylised word 'Soup'.

162. In my view, Ms Lane is correct. The word 'Soup' is not simply descriptive of the products that I am considering. I would therefore hold that the stylised and underscored word 'Soup' is the dominant and distinctive element of this mark when considered in relation to the goods for which it is registered (other than soups).

163. Insofar as the services are concerned, the word 'Soup' is plainly descriptive of catering services which specialise in soups, but I have already held that the mark must be refused for such services. It is not simply descriptive of other types of catering services. Taking account also of the (admittedly limited stylisation of the word), I would hold that the underscored word 'Soup' is also the dominant and distinctive element of the mark when considered in relation to catering services (other than specialist soup bars).

164. In my view, the degree of similarity between the respective marks is insufficient to give rise to a likelihood of confusion in respect of the additional goods and services described, notwithstanding the identity between the respective goods and services.

165. I am aware that the ECJ has recently held in case C-120/04, *Median AG v Thomson Multimedia Sales Germany and Austria GmbH*, that a likelihood of

confusion may arise from the inclusion of one mark in another, provided that it retains an independent distinctive role in the second mark, even if the first mark does not represent a dominant and distinctive element of the second mark. This must also be applicable where the situation is reversed and it is the later mark which consists of an element which has an independent distinctive role in the earlier mark. However, this case can be distinguished from *Medion* on the basis that CGMA's mark is not an independent distinctive element of the earlier mark. It merely has some similarity to such an element.

The Passing Off Right Claim

166. Section 5(4)(a) of the Act states that 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,”

167. The requirements to succeed in a passing off action are well established and are summarised in *Halbury's Laws of England* 4th Ed. as being:

- i) that the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- ii) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the claimant; and
- iii) that the claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

168. The objection is directed to the same goods and services as were covered by the section 5(2)(b) objection, and in addition to 'business management services; business administration services'. I see no point in considering whether this objection succeeds, except in relation to those goods and services which were not subject to, or would not have been caught by, the section 5(2) objection.

169. I have already taken account of the Soup Co's reputation for soups in reaching my findings under section 5(2)(b) in respect of Soup Co's use of the mark 'New Covent Garden Soup Co.' I cannot see how one could find that there was a misrepresentation without there being a likelihood of confusion. Consequently, my findings under section 5(2)(b) are also determinative of the section 5(4)(a) objection, except to the extent that Soup Co's goodwill and reputation at the relevant date may have been broader in scope than the specification of the registered word mark.

170. In this connection, Soup Co's claims that, prior to the relevant date, it sold a range of other chilled products under a composite trade mark No 2149011 (shown in paragraph 2(i) above) consisting of a stylised soup bowl surrounded by Soup Co's name. Mr Hudson gives evidence that, in 1997, Soup Co sold £145k of a gravy

product under this mark. There is no corroborative evidence of this claim, and no information is provided as to any sales of this product after 1995.

171. The position is similar with regard to the £87k worth of pasta sauces which are said to have been sold under the same mark in 1995. Again no information is provided about the level of later sales, or whether there were any.

172. It is clear that towards the end of 1997, Soup Co launched a range of chilled fresh bean and lentil snack products, and chilled chocolate and fresh fruit sauces. Soup Co claims that almost every national newspaper and consumer magazine covered the launch of these products and that there was extensive advertising, including TV and radio adverts. However, the only evidence of any of this is a copy of an article from a page in one publication called 'Info fact' (in exhibit JH7). This appears to be a trade magazine. No sales figures are provided for these products, so I cannot gauge the extent of any goodwill on the basis of the volume of sales. Mr Hudson claims that sales ceased in 1999 (the year before the application). I am left in the dark as to whether this was the end of a period of substantial sales or whether the sales that finished that year were merely the last dribs and drabs of a range of unsuccessful products that never sold much to begin with.

173. The uncertainty about the extent of any residual goodwill (if any) in respect of these products makes it impossible for me to assess whether Soup Co's goodwill and reputation at the relevant date under the words 'New Covent Garden Soup Co.' extended further than soups. The onus is on Soup Co to substantiate its case. In my view, the evidence described above does not establish that its goodwill and reputation at the relevant date extended to a trade that went beyond soups.

174. There is also the evidence about the setting up of nine soup bars in 1999. These soup bars were branded under the trade mark which is registered under No. 2190367 (shown at paragraph 2(i) above). I have already held that the dominant and distinctive element of this mark is the stylised word 'Soup'. However, the facia for the premises also included, in smaller letters, the name 'New Covent Garden Soup Co.' The soup bars were plainly intended to build upon the reputation already established under that name and I think it obvious that they would have been associated with the earlier use of the mark for soups.

175. I think it less obvious that the sales of goods from the soup bars would have extended the scope of Soup Co's reputation and goodwill so that, by July 2000, it also had a significant goodwill and reputation for the other products sold at its soup bars, such as sandwiches, teas, coffees, which are said to have been branded under the composite soup bowl mark, and breads and muffins, which were un-branded. I have not been provided with any breakdown showing the proportion of the sales from these soup bars accounted for by these products, but given that Soup Co itself describes these undertakings as being soup bars, the obvious inference is that the other goods were merely adjuncts to its sales of soups. In my judgment, the sales of other goods from soup bars would not have significantly changed the relevant public's perception of Soup Co as a trader in fresh soups.

176. The nature and extent of a claimant's goodwill and reputation under a name in the minds of the relevant section of the public is closely related to the likelihood of confusion and deception arising from the use of a similar sign by an unconnected third

party. My assessments of the nature and extent of Soup Co's goodwill at the relevant date, and of the similarities and differences between the name 'New Covent Garden Soup Co.' and the name of the market, leads me to the conclusion that the use of the latter as a trade mark for sandwiches, teas, coffees, breads or muffins, would not have been likely to have resulted in confusion and deception at that date. In the absence of misrepresentation, the passing off right claim must therefore be rejected in respect of these and (leaving aside those goods which I have not already rejected as a result of the section 5(2) ground) the other goods covered by this objection.

177. Further, I see no basis for upholding the objection in respect of restaurant, café and catering services, other than soup bars.

178. I see no basis whatsoever for Soup Co's claim that the use of the name of the market in relation to business management and business administration services would have resulted in passing off. There is no requirement under the law of passing off for a defendant to be in the same field of activity as the claimant, but the distance between on the one hand, a trade in soup and soup bars, and on the other hand, the provision of business management and administration services, would, at the very least, require compelling evidence to justify the complaint that the use of a similar name for the latter amounts to a misrepresentation. It appears that Soup Co's real complaint was that a person operating a restaurant under the name of the market would have been passing itself off as a franchisee of Soup Co. But that takes the objection back to the use of the name for the goods and services provided through soup bars, not to the use of the mark for business services.

179. I conclude that the section 5(4)(a) objection would not have advanced Soup Co's success over and above the success it would have achieved as a result of the objection under section 5(2).

Overall Conclusion

180. The application will be refused in Classes 29-33 and 42, and for 'packaging of goods' and 'travel arrangement' in Class 39. The objections to the registration of the mark for the remaining services are rejected.

Costs

181. Soup Co has been more successful than CGMA in terms of the proportion of goods and services allowed compared to those refused, but has been less successful in terms of the number of objections that succeeded compared to those that have failed. In particular, the bad faith objections added significantly to the length of the hearing but ultimately failed. I have also taken some account of the fact that there was some overlap between the evidence filed in this case and that filed in revocation No. 81317, which was heard on the same days.

182. Taking these matters into account, I order CGMA to pay Soup Co. £900 as a contribution towards its costs. In the absence of an appeal, this sum must be paid within 7 days of the end of the period allowed for appeal.

Dated this 18th day of January 2006

**Allan James
For the Registrar
The Comptroller General**