

**O-075-16**

**TRADE MARK ACT 1994**

**TRADE MARK REGISTRATION No. 2605128  
IN THE NAME OF NATURE DELIVERED LIMITED**

**AND**

**APPLICATION No. 500523 BY ELVENDON RESTAURANTS LIMITED  
FOR A DECLARATION THAT THE REGISTRATION IS INVALID**

## Background and pleadings

1. On 1st August 2014, Elvendon Restaurants Limited (“the applicant”) applied to have trade mark 2605128 in the name of Nature Delivered Limited (“the proprietor”) declared invalid, except for the delivery services for which the mark is registered in class 39.

2. The contested trade mark consists of the word **GRAZE**. The application to register the contested mark was filed on 20<sup>th</sup> December 2011. The mark was entered in the register on 7<sup>th</sup> September 2012. The applicant claims that the registration is invalid insofar as it covers these goods/services:

### **Class 29**

Fish, poultry and game; cooked fruits and vegetables; fruit sauces; edible oils and fats; fish products; preserved, dried, cooked, canned and frozen fruits, vegetables, pulses, fish and fish products; soups; milk, dairy products; milk products; eggs; yoghurts; jams, marmalade, preserves; conserves; peanut butter; fish, fruit, vegetable, savoury, sweet and sandwich spreads; edible oils and edible fats; pickles; relishes; jellies; jams; jelly crystals; mincemeat; fruit curds; fruit desserts; fruit salads; sauces; candied and uncandied peel; salted nuts and processed nuts, vegetable pastes; prepared meals, snack foods and salads; desserts; nuts, crisps, dried olives; preparations for making soup; ready meals; chilled and frozen ready meals; all of the above-mentioned goods being for human consumption only.

### **Class 30**

Flavourings and seasonings; herbal preparations for making beverages; additives for beverages; coffee, coffee essences, coffee extracts, artificial coffee, coffee preparations; chicory and chicory mixtures, all for use as substitutes for coffee; tea, black tea, green tea, herbal tea, tea essences, tea extracts, instant tea, tea mixtures; cocoa, cocoa products, cocoa powder, drinking chocolate, beverages made from or containing chocolate; beverages made from or containing cocoa; malted food drinks; malted drinks; custard; custard powder; blancmange; baking powder; flour; preparations made from flour; bran, wheatgerm, yeast; rusks; cereals and preparations made from cereals; bread, bread products, pastry; bakery products; flapjacks; farinaceous products and preparations; macaroni; vermicelli; spaghetti; pasta; pasta sauces; noodles; pizzas; pastries, confectionery and candy; tarts; biscuits; cookies; cakes; chocolate products; spices; sugar, rice, tapioca, sago; syrup; honey and honey substitutes; treacle; chocolate spread; salt mustard; pepper; vinegar; sauces; desserts; puddings; ice cream and ice cream confections; frozen confections; ready made dishes; pies; curry powder; curry paste; mayonnaise, yeast extracts; savoury spreads; salad dressings; sandwiches; prepared meals and snack foods; Coffee, tea, cocoa, preparations made from cereals, bread, pastry and confectionery, sauces (condiments) and cereal bars; cake making kits; crisps made of cereal or flour; popcorn; porridge; chutneys; salad cream; preserved ginger; sandwiches; pasties; all of the above-mentioned goods being for human consumption only.

**Class 31**

Fresh fruits, fresh vegetables, seeds, fresh nuts (fruits) included in Class 31, and malt; natural plants and flowers; herbs; all of the above-mentioned goods being for human consumption only.

**Class 32**

Beer, mineral waters, aerated waters, non-alcoholic drinks; carbonated soft drinks; fruit drinks, fruit juices; syrups, cordials and preparations for making beverages; smoothies; meal replacement drinks.

**Class 33**

Alcoholic beverages; wines and spirits.

**Class 43**

Provision of food and drink; restaurant, bar, snack bar, caf  teria, banqueting and catering services.

3. The applicant is the owner of trade mark 2393385 ("the earlier mark"). The earlier mark looks like this:



4. The application to register the earlier mark was filed on 2nd June 2005. It was entered in the register on 18th November 2005. The earlier mark is registered for:

**Class 43**

Food and drink to eat in and take away including; hot and cold sandwiches and salads, soups, hot and cold drinks, crisps, fruit, cakes and sweets, snack foods.

5. The applicant claims that the contested mark is similar to the earlier mark and is registered for the same or similar goods and services. According to the applicant, there is a likelihood of confusion on the part of the public. Indeed, the applicant says that there has been confusion.

6. The applicant has been using the earlier mark, and it claims the word GRAZING as such, since around March 2007<sup>1</sup> when the applicant opened a caf   under the earlier mark on 19-21 Great Tower Street, London EC3. This provided food and drink to eat in or take away. The applicant also provided a corporate catering service. According to the applicant, the earlier signs had been used on a sufficient basis that they had become distinctive of its business by the date of the application to register

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<sup>1</sup> The applicant originally claimed to have used its mark since 2005. However, it has become clear that any use of the earlier signs before 2007 was almost completely internal use and therefore incapable of generating goodwill amongst customers. Therefore the relevant date for the calculation of the existence of the claimed earlier rights is March 2007.

the contested mark. On this basis the applicant claims to own earlier rights in the sign shown in paragraph 3 above, and the word GRAZING as such, in relation to:

- a) Class 29: poultry, fish and game, cooked fruits and vegetables, vegetables, fish and fish products, milk, dairy products, milk products, eggs, yoghurts, jams, marmalade, preserves, snack foods and salads, prepared meals', ready meals, wraps, hot and cold sandwiches.
- b) Class 30: herbal preparations for making beverages, coffee, filter coffee, coffee preparations; tea, black tea, herbal tea, instant tea, tea mixtures, cocoa products, beverages made from or containing chocolate, beverages made from or containing cocoa, products made from or containing chocolate or cocoa, bread, bread products, pastry bakery products, flapjacks, pastries, biscuits, cookies, cakes, desserts, puddings, ready-made dishes, salad dressing, salads, sandwiches, prepared meals and snackfoods, pastries, crisps, porridge.
- c) Class 31: fresh fruits and fresh vegetables.
- d) Class 32: mineral waters, aerated water, non-alcoholic drinks; carbonated soft drinks; fruit drinks, fruit juices: syrups, cordials and preparations for making beverages; smoothies.
- e) Class 43: provision of foods and drinks; restaurant, bar, snack bar, caf teria, catering services.

7. Consequently, use of the contested mark at the date of the application for registration would have constituted a misrepresentation liable to damage the goodwill in the applicant's business. Therefore the applicant claims that registration of the proprietor's mark was contrary to s.5(2)(b) and s.5(4)(a) of the Act, and that the registration should now be declared invalid and cancelled under s.47(2).

8. The proprietor denies the grounds for invalidation. The basis for the proprietor's defence of the contested mark has changed significantly during the course of these proceedings. At one time the proprietor claimed to have a still earlier trade mark and applied to invalidate the registration of the applicant's earlier mark. However, that application was subsequently withdrawn. The proprietor's defence is now that there is no likelihood of confusion for the purposes of s.5(2)(b), and no misrepresentation for the purpose of s.5(4)(a). In both cases the proprietor relies on the fact that it has been using GRAZE on a substantial scale since August 2008 without, it says, any confusion or deception of the public.

9. Both sides seek an award of costs.

## **The evidence**

10. The applicant's evidence consists of four witness statements by Samuel Hurst and one by Petra Hrdlickova. Mr Hurst is the Managing Director of Elvendon Restaurants Limited. His evidence is filed in support of the applicant's claim to be the owner of an established goodwill under the earlier trade mark and the word GRAZING, which pre-dates the proprietor's trade mark and the start of its business. Mr Hurst also provides evidence about reported confusion between the parties' marks. Ms Hrdlickova worked for the applicant in 2010/11 as its Operations Manager. Her evidence is intended to support the applicant's claim that there was confusion between the marks of the parties.

11. The proprietor relies on three witness statements by Anthony Fletcher, one by Ben Jones and one by Neil Thompson. Mr Fletcher is the Chief Executive Officer of Nature Delivered Limited. He joined the business in November 2009. Mr Jones and Mr Thompson are two of the founders of the company. The proprietor relies mainly on Mr Fletcher's evidence to substantiate its claim to have made substantial use of the GRAZE mark since 2008. The evidence of Mr Jones and Mr Thompson goes mainly to the facts surrounding the adoption of the GRAZE mark, although Mr Jones also gives some evidence about the applicant's claims of actual confusion between the parties' marks.

## **Uncontested facts**

12. I will first set out the facts that are uncontested, or about which there is no serious dispute.

### Elvendon Restaurants Limited

13. The first external use of the mark GRAZING appears to have been in October 2005 when Real Business Magazine published an article featuring Mr Hurst's plans for a chain of eateries providing high quality meat products<sup>2</sup>. At this time the story was about an idea for a business. The magazine was aimed specifically at people with an interest in business and commerce (as opposed to a wider public). The published story would not have created any goodwill amongst relevant customers for the applicant's business, which was still at the planning stage.

14. In February 2007 the applicant started operating a website at grazingfood.com. A page from the website is in evidence<sup>3</sup> showing how it looked at the time. The earlier mark was used on this website. It announced the arrival of "*London's hottest new sandwich sensation*" at Great Tower Street, London EC3. I note that the applicant's

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<sup>2</sup> See exhibit SH1 F

<sup>3</sup> See exhibit SH1 N

website also indicated the availability of a breakfast and lunch delivery menu. However, it was not possible to place orders via the website at this time.

15. The applicant opened a café at the Great Tower Street address on 19<sup>th</sup> March 2007. The earlier mark featured on the external facade, on menus and on T-shirts and fleeces worn by the staff<sup>4</sup>. Flyers bearing the earlier mark were handed out in order to promote the business.

16. The applicant's business received positive press coverage. In a review in July 2007, Time Out Magazine gave GRAZING four stars out of six. The following month Time Out included the café in its top 50 restaurants and bars in London. The accompanying article called the café a "*Meat-mad City Sandwich Bar*", with tables sufficiently large to spread out a newspaper. This was followed by a review in Sandwich and Snack News in December 2007. The gross income of the café business was around £1200 per day in 2007. The café had around 300 customers per day who spent an average of about £3.65 per visit.

17. In addition to providing a café service, the applicant has since 2007 provided food deliveries. There is some disagreement about the nature and extent of this side of the business, which I will return to later. However, there is no dispute that in December 2009 the applicant established a 'central production kitchen' in London which was separate from its café business. In the following month, the applicant engaged web developers to create an online ordering service for its food and drink products. An online ordering service was launched in July 2010<sup>5</sup>. Thereafter the applicant operated a food and drink catering service to customers ordering via its website. By November 2015, over 11k orders had been placed via the grazingfood.com website. The website only accepted orders from certain postal addresses. Examples of these orders are in evidence<sup>6</sup>. They show that all the orders came from London based addresses. The majority were from customers with EC1-4 postcodes. A typical order cost about £50-100 and covered sandwiches, sausage rolls, crisps, salads, spring rolls and cakes. Some orders covered cooked meats, such as beef skewers and chicken goujons. Others included drinks, such as bottled orange juices, mineral waters and Coke.

18. From late March 2010 the applicant's business acquired a van which was branded with the earlier trade mark. This van was used to deliver orders to customers in London. Prior to this, since at least July 2007, the applicant used a bicycle for deliveries. The bicycle also carried a sign bearing the earlier mark.

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<sup>4</sup> See exhibits SH1 E, H & O

<sup>5</sup> See Hurst 4, paragraph 13a and exhibit SH4 I

<sup>6</sup> See exhibit SH4 J

19. The applicant promoted its corporate catering business by placing an advertisement in a publication called Square Meal<sup>7</sup>. Mr Hurst says that this publication is circulated to 100k customers. The advertisement was also made available on Square Meal's website. A log was held to record enquiries received between February and early August 2011<sup>8</sup>. Just over 30 enquiries are recorded. Six of these are shown as having been linked to the promotion in Square Meal.

20. In December 2011, after winning a competitive tender, the applicant opened a café at the London Design Museum. The café was operated under the earlier trade mark, although there was dual branding with the name DESIGN MUSEUM. And there was also a tag line: "*Grazing at the Design Museum*". The table menu for the café indicates that it offered typical café food, e.g. toasted sandwiches, baguettes and wraps, tarts and quiches, salads, sausage rolls, afternoon teas and cakes. It also offered a selection of hot and cold drinks<sup>9</sup>. The café turned over £250k per annum and served 50k customers annually. However, the applicant was paid only a monthly management fee.

21. In March 2012, the applicant closed its original café at Great Tower Street. The applicant company's Directors' Report for the year ending 31 July 2012 stated that "*the financial year to 31<sup>st</sup> July 2012 saw Grazing complete our transition from High Street café operators to corporate, event and venue caterers*"<sup>10</sup>. The gross income of the café business had risen to £1400 per day by the time the café was closed in 2012 (indicating a gross annual turnover of around £360k per annum)<sup>11</sup>. The company's accounts for the years ending 31<sup>st</sup> July 2011 and 2012 show that revenue fell from £626k in 2011 to £610k in 2012. The Director's report for 2012 stated that the dip in revenue was attributable to the closing of the Great Tower Street café. It also noted that income from the company's [by then] core catering activities increased from £389k in 2011 to £450k in 2012. The accounts for the years ending 31<sup>st</sup> July 2013 and 2014 show that the applicant's turnover increased to £658k in 2013 and to £1.1m in 2014.

22. In November 2013 the applicant started to deliver food to customers in branded wooden boxes<sup>12</sup>. Prior to this the food was predominantly delivered on china platters bearing the contested mark<sup>13</sup>. Each such platter was then wrapped in a clear catering wrap bearing a sticker which also bore the contested trade mark.

23. In July 2014, the applicant's café at the Design Museum closed. The applicant chose to focus on its growing business in corporate and events catering.

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<sup>7</sup> A copy of the publication is at exhibit SH1 V

<sup>8</sup> A copy of the log is at exhibit SH4 X

<sup>9</sup> See exhibit SH4 Y

<sup>10</sup> See exhibit SH1 Z, page 7

<sup>11</sup> The café opened Monday to Friday

<sup>12</sup> See exhibit SH1 E

<sup>13</sup> See exhibit SH4 V

## Nature Delivered Limited

24. The proprietor started trading under the mark GRAZE in August 2008. The business is based on a novel way of selling healthy snack foods to consumers. Consumers subscribe to purchase at least one snack box per week. Initially, sixty products were offered featuring fruits, nuts, seeds, vegetables, savoury and bakery items. The range has since been expanded to more than 120 different snacks and snack boxes for children have been added. Further, the proprietor now also offers breakfast boxes with (typically) granola and porridge. Customers can tailor the products they receive to cater for their own nutritional requirements and/or tastes. Customers sign up for the snacks and make their food choices via the proprietor's website, graze.com. The snack boxes are then delivered to the customer by post. They are designed to fit through a standard letter box. They do not therefore require anyone to be present for delivery purposes.

25. In the first 4 weeks of business, 1500 customers signed up to receive GRAZE snack boxes. The official launch of the business took place in January 2009. Around the same time the proprietor appointed a PR agency and extended its marketing efforts to include online advertising, such as banner advertisements, Google AdWords and the operation of social media such as Facebook, Twitter and Instagram. The proprietor also advertised through traditional media such as national newspapers and magazines<sup>14</sup>. Starting on Boxing Day in 2011, the proprietor started to advertise its GRAZE products on TV running an advertisement on ITV, ITV2, Channel 4, E4 and various satellite and digital channels.

26. In the period between May 2008 (i.e. pre-launch) and February 2009 the proprietor spent around £14.5k promoting GRAZE products. This increased as follows:

- i) £78k in the year to February 2010
- ii) £171k in the year to February 2011
- iii) £895k in the year to February 2012
- iv) £2.36m in the year to February 2013
- v) £5.17m in the year to February 2014

27. In addition, the proprietor has always given away free GRAZE snack boxes<sup>15</sup> as a marketing tool. The cost of this ranged from £44k worth of snacks between May 2008 and February 2009, to £1.3m worth of snacks in the year ending February 2011, to £2.6m worth of snacks in the year to February 2014.

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<sup>14</sup> A selection of advertisements dated between 8<sup>th</sup> October 2008 and 26<sup>th</sup> January 2012 is at exhibit AF-7

<sup>15</sup> Typically as a 'first-snackbox-free' offer

28. The proprietor's business is conducted nationwide. The proprietor's turnover and trade figures are shown in the following table.

	May 2008/ February 2009	Year to February 2010	Year to February 2011	Year to February 2012	Year to February 2013	Year to February 2014
Turnover	£105k	£2.87m	£7.53m	£20.93m	£40.2m	£50.9m
No. of snack boxes issued	50,632	986,773	3,089,316	7,490,851	12,966,759	15,411,155

29. A YouGov brand awareness study in early 2014 asked a representative sample of 2333 members of the UK public a series of questions about snack food brands. When asked about healthy snack products, GRAZE was the fourth most mentioned brand (behind Kellogg's, Weight Watchers and Walkers). In a prompted awareness test in which the interviewees were shown 14 brands associated with healthy eating, GRAZE was the 9<sup>th</sup> most recognised brand. Around 50% of respondents had heard of it.

### **The Hearing**

30. A hearing took place on 18<sup>th</sup> December 2015. Ms Ashton Chantrielle appeared as counsel for the applicant<sup>16</sup>. Mr Andrew Lykiardopoulos QC appeared as counsel for the proprietor, instructed by Marks and Clerk Solicitors LLP.

31. Following directions I issued earlier, Mr Hurst, Mr Fletcher and Mr Jones attended the hearing for cross examination on certain aspects of their evidence.

### **Contested facts**

The nature and extent of Elvendon Restaurants Limited's catering and events business prior to the start of Nature Delivered's business in August 2008/date of the application to register the contested mark in December 2011

32. Mr Hurst's evidence is that the applicant's Great Tower Street café was closed in March 2012 following a strategic decision to concentrate on catering and events services, including pop-up cafés. He says that the latter activities had become the more rapidly growing part of the business by 2012.

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<sup>16</sup> Under the direct access scheme

33. As I noted at paragraph 14 above, it appears that that the applicant offered food and drink deliveries from the outset of its business in March 2007. Initially this part of the business operated from its café in Great Tower Street. Prior to March 2010 the deliveries appear to have been made using a bicycle, indicating the local nature of the service.

34. It is not entirely clear what proportion of the applicant's business was accounted for by its food deliveries prior to 2009. Mr Hurst's evidence is that the turnover of what he calls the non-café side of the business, between April 2007 and August 2008, was over £50k. He provides a "sample" of invoices from this time relating to this side of the business<sup>17</sup>. Almost all of these relate to lunches or, to a lesser extent, breakfasts delivered to business customers. It is therefore established that the applicant's business prior to August 2008 included a small, but not negligible, catering service providing lunches and breakfasts for businesses within cycling distance of the Tower Street café.

35. It appears from the copy of the applicant's 'revenue tracker' in evidence that such catering revenue amounted to £172k in 2009<sup>18</sup>. This suggests that the corporate catering side of the business was growing at this time, which is consistent with the evidence that the applicant established a separate (from its café) 'kitchen' facility in December 2009. The establishment of an online ordering facility in July 2010 appears to have led to further growth in this side of the business. The net annual revenue for the 'kitchen' side of the business appears to have grown to £275k in 2010, and to over £400k in the calendar year ending December 2011<sup>19</sup>. I therefore find that by December 2011 the corporate catering side of the applicant's business had grown into a significant (although still relatively small) business.

36. Mr Hurst's evidence is that the applicant launched its events catering service under the earlier trade mark in 2007 when it provided lunch for staff at the Head Office of Innocent Drinks on 9<sup>th</sup> August 2007. It went on to cater for the Innocent Staff Summer Party at Finsbury Town Hall on 21<sup>st</sup> September 2007 and for the Innocent Village Fete at Regent's Park on 2<sup>nd</sup> and 3<sup>rd</sup> August 2008.

37. The applicant also had a stall under the earlier mark at the Thames Festival in early September 2008. Mr Hurst states that around 2000 people were served over this 2 day event. The applicant provided burgers, hot dogs, corn on the cob, brownies, smoothies and water. Between October 2008 and March 2010 the applicant also had a 'pop-up stall' under the earlier mark at the twice yearly British Military Fitness 10k runs in Redhill. Around 500 to 1000 people attended these events. The applicant sold bacon rolls, sausage rolls, crisps, fruit, chocolate bars and water at these events.

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<sup>17</sup> See exhibit SH4 ZA

<sup>18</sup> See exhibit SH4 H, page 34

<sup>19</sup> See exhibit SH4 H, page 44

38. Mr Hurst states that the applicant provided catering at around 50 events per year. However, the revenue tracker shows (at most) only 7 events prior to August 2008 and only (at most) 21 events prior to 31<sup>st</sup> December 2009. The revenue from events from 2010 onwards is subsumed within the figures for the 'kitchen' side of the business.

39. I find that the events catering side of the business was a small sideline of the applicant's business prior to August 2008. It is not clear how much it had grown by December 2011, but I accept that it was a significant part of the applicant's business by this date. It is clear that it had become a major part of the applicant's business by 2013 when the applicant launched a dedicated events' website.

Which sign(s) were distinctive of the applicant's business in December 2011?

40. The applicant's adopted branding guidelines in 2005 identified the mark shown below as the applicant's trade mark<sup>20</sup>.



41. Consistent with the branding guidelines, this mark was used on the façade of the applicant's café, and on bags, menus etc. When used on staff T-shirts and branded stickers, the words 'mouthwatering meats' were omitted<sup>21</sup>. On the applicant's delivery bicycle these words were replaced by the applicant's telephone number. Mr Lykiardopoulos submitted that the evidence showed that it was the mark shown above (with the strapline) that had become distinctive of the applicant's business by December 2011.

42. For her part, whilst acknowledging that the stylisation of the word GRAZING was not negligible in its impact, Ms Chantrielle submitted that the word GRAZING as such had also become distinctive of the applicant's business by December 2011.

43. I acknowledge that there are one or two instances of third parties referring to the applicant's business as just GRAZING. However, I find that consistent use of the mark shown above, coupled with the limited distinctiveness of the word GRAZING *per se*<sup>22</sup>, means that it is likely that it was this mark that had become distinctive of

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<sup>20</sup> See exhibit SH1 D

<sup>21</sup> See exhibit SH1 E

<sup>22</sup> See paragraph 85 below

the applicant's business by December 2011<sup>23</sup>. I do not consider that this finding is undermined by the fact that the applicant also traded via its grazingfood.com website from July 2010. Firstly, grazingfood.com is a different sign to GRAZING as such<sup>24</sup>. Secondly, domain name addresses are not necessarily trade marks. Thirdly, anyone visiting that address would have seen the mark shown in paragraph 40 above used as the applicant's trade mark. I find that the inclusion or omission of the purely descriptive words 'mouthwatering meats' makes no difference to the distinctiveness of the applicant's earlier mark. The mark would have been just as distinctive of the applicant's business with or without these words.

Whether Nature Delivered knew about the applicant's business under the earlier mark at the date when it started trading under GRAZE, or the date it applied to register the mark in December 2011.

44. Before commencing trade under the contested mark the proprietor conducted a search for earlier trade marks. This revealed that the Zoological Society of London had registered a figurative mark featuring the word GRAZE in relation to a range of food and drink products, as well as for café and catering services. The proprietor initially took a licence to use this mark. Later it purchased the mark outright. This mark was the subject of earlier revocation proceedings between these parties. It is not necessary to say anymore about this mark, or the earlier proceedings, because the proprietor no longer relies on its ownership of this mark for the purpose of resisting the current application. However, the proprietor's indication that it conducted a trade mark search caused the applicant to question whether the search also revealed the applicant's earlier mark, and therefore whether the proprietor proceeded with its plans to use and register GRAZE knowing about the earlier mark.

45. I permitted the proprietor to file written evidence on this issue and also on the proprietor's knowledge of confusion between the parties' marks. The evidence of Mr Thompson and Mr Jones – two of the founders of the proprietor's business – was provided to cover these issues. On the first issue, Mr Thompson said that he and the other founders did some Google searching, but that it did not reveal anyone else using GRAZE as a brand. Mr Jones conducted a trade mark search using the IPO's online search tool. He says he searched on the word GRAZE. He could not recall seeing the applicant's earlier mark returned in the results of the search. He was not a trade mark expert so he was not aware that he should have searched similar words, such as GRAZING. The search revealed the earlier GRAZE mark owned by London Zoo and the proprietor took appropriate steps to obtain a licence. The cross examination of Mr Jones cast no doubt on his written evidence on this issue. I therefore accept his evidence as the truth. There was no request to cross examine Mr Thompson, so I also accept his evidence on this issue.

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<sup>23</sup> The use of the strapline Grazing at the Design Museum at the applicant's second café did not commence until it opened in December 2011

<sup>24</sup> And is not pleaded as being an earlier right

46. Mr Fletcher was cross examined about his knowledge of the applicant's mark and about public confusion between the marks. Before joining the proprietor's company in late 2009, Mr Fletcher worked for Innocent Drinks. Ms Chantrielle put it to Mr Fletcher that he had seen the applicant's earlier mark at the Innocent events for which the applicant catered in 2007/8. Asked whether he attended these events, Mr Fletcher answered:

"At Finsbury Town Hall, a barn dance, yes, and I attended all of the Innocent Festivals within my time at Innocent Drinks."

47. The exchange continued like this:

"Q. At the time did you not see the GRAZING stand?  
A. If I did, it made no impression on me.  
Q. It is a possibility that you may have seen it?  
A. Of course."

48. Mr Fletcher was also asked whether he had been shown an email the applicant sent to the proprietor in 2010 relating to a letter received by the applicant which was actually intended for the proprietor. Mr Fletcher stuck to his written evidence on this point, which was that the proprietor received tens of thousands of emails a year. These were handled by the customer service department. He would only be shown incoming emails in exceptional circumstances. He was not aware of this email. I see no reason to doubt Mr Fletcher's evidence on this point. I therefore accept it.

49. Asked about subsequent events, Mr Fletcher acknowledged that by 2011 he was responsible for intellectual property matters. It is common ground that the proprietor knew about the applicant's business by late 2013 when, after seeing an article in the Daily Mail, it became aware and concerned about the applicant delivering food to customers in wooden crates bearing the earlier GRAZING mark. This was partly because this business method seemed to be similar to its own method of doing business, except that instead of healthy snacks the applicant's food box was marketed as a hangover cure and included chocolate covered bacon. Asked about the proprietor's knowledge of the applicant prior to this, Mr Fletcher's position was as follows:

"Q. Prior to this date, you did not know that GRAZING was just a catering company?  
A. As I said, GRAZING just did not feature in my consciousness. We had many direct competitors. There was a universe of companies called GRAZE and derivatives of I saw. It really did not feature in the prioritisation of all the issues we had on intellectual property.  
Q. Following on from that, then, were you aware of

GRAZING and what they did prior to the hangover box article?

A. If I was, it was to consider it for a very short space. I cannot remember. It is quite possible that it passed through my in-box, there are no records of that, or someone mentioned it. It would have been the work of minutes to de-prioritise it versus more pressing issues.

Q. Would that work of minutes potentially have been to check their website and have a look?

A. I cannot remember. We were reaching quite rapid decisions. An exchange of legal letters from Hepworth Brown from a German competitor was a far more pressing issue than this. It just did not trigger any alarm bells."

50. When the proprietor became aware of the applicant's 'hangover' box in 2013 it triggered a series of internal emails during the course of which Mr Fletcher asked Mr Jones *"Is this the London Festival guys?"* Ms Chantrielle asked Mr Fletcher whether this was a reference to the Thames Festival (for which the applicant had catered in 2008). Mr Fletcher said it was a reference to a different matter in which the London Thames Festival had been using a menu called GRAZE<sup>25</sup>. An agreement had been reached about this third party use.

51. I find it odd that Mr Fletcher thought that the applicant's GRAZING food box might be connected to a GRAZE menu used at a festival. However, the alternative explanation – that Mr Fletcher thought it was linked to the name of a catering stall at a festival he attended before he even started to work for the proprietor seems even odder. Further, as Mr Fletcher pointed out, his initial email to his colleagues after seeing the Daily Mail article did not indicate that he knew who was behind the GRAZING food box. I find Mr Fletcher's explanation as to what he meant by *"Is this the London Festival guys?"* to be somewhat confused, but I accept his evidence that this was not a reference to the applicant's business.

52. I find that the proprietor was not aware of the applicant's use of the earlier mark at the time it commenced business in August 2008, or when it applied to register the contested mark in December 2011.

#### How much public confusion has been established?

53. Mr Fletcher's written evidence is that the proprietor has checked its records and, apart from the letter referred to in the email the applicant sent to the proprietor in 2010, there is no evidence of customer confusion.

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<sup>25</sup> I note that in paragraph 17 of this his third witness statement Mr Fletcher refers to a London Restaurant Festival Graze tour in 2012/13. This may be what he had in mind.

54. Mr Hurst's first witness statement, dated December 2014, identified an electronic message left on the applicant's website on 19<sup>th</sup> May 2014<sup>26</sup>. The message was from a Sonia Smithyman. Ms Smithyman appears to have been trying to cancel a subscription to receive the proprietor's GRAZE boxes. Her precise message was "*please cncl i do not wish to have any more graze boxes thans*" (sic). Mr Hurst said that there had been other similar instances, but these had been mainly phone calls and no records had been kept of them.

55. Mr Hurst returned to the level of customer confusion in his fourth witness statement dated 3<sup>rd</sup> November 2015. In this statement he said that around half the people he speaks to assume the applicant and the proprietor are the same company. Mr Hurst says that this was brought to the forefront of his mind when he was present on a stand promoting the Grazing business at a London Chambers of Commerce event in March 2014. He says that the majority of the 50 people he spoke to on the stand believed that they already knew about Grazing because they had seen the snack boxes in their office, or the TV advertisement, or had received vouchers for free snack boxes. The applicant does none of these things, so Mr Hurst realised that these people were thinking of the GRAZE trade mark.

56. Mr Hurst provided details of a further instance of customer confusion. This consists of an email dated 23<sup>rd</sup> January 2015 addressed to the applicant at grazingfood.com<sup>27</sup>. The email was from Mary Miller. It complained about the difficulty she had in getting her website password to work. This made it "*very difficult to camel orders*" (sic). Mr Hurst said that there had been other such emails, but prior to the commencement of these proceedings they were just deleted because they were not thought to be relevant.

57. Mr Hurst recalled that there was a period of time between 2010/11 when the applicant received a lot of emails and telephone calls from the proprietor's customers seeking to cancel their subscriptions for GRAZE snack boxes. He said that these calls started to become a nuisance and so a colleague of his at the time, Petra Hrdlickova, kept a record of them for a time. However, this record was not retained.

58. Ms Hrdlickova's witness statement includes the following:

"4. During my time as Operations Manager in 2010-2011, I received a lot of calls and emails from Graze customers asking to cancel their standing order of boxes. It was evident from their enquiry that they thought they were contacting Graze because we had a) no standing orders and b) no boxes.

5. The majority of the enquiries I fielded from Graze customers came in over the telephone. Most of these were people wishing to cancel their subscriptions

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<sup>26</sup> See exhibit AA to Mr Hurst's first statement

<sup>27</sup> See exhibit SH4 ZC

having received trial boxes and not wanting to carry on receiving the products. It was clear that these were Graze customers as we did not give away trial boxes nor have any form of subscription service. I would always tell these customers that they had contacted the wrong company and that they needed to look at [www.graze.com](http://www.graze.com) and not [www.grazingfood.com](http://www.grazingfood.com) to get the correct contact details as we were different companies.”

“9. I remember having troubles locating any customer services number or postal address on the Graze website in order to forward on the queries Grazing received and therefore responded to the enquiries by telling them to look at [graze.com](http://graze.com) as they had contacted the wrong company and this was the quickest way to deal with these enquiries. I do recall having contact with Graze on one occasion towards the end of 2010 when we received a piece of post from one of their customers. Rather than returning the post to the sender. I managed to track down contact details for Graze and requested (by email) that they sent me their postal address in order to forward the letter on to them, which I duly did. This was the only contact I had with Graze.”

59. Ms Hrdlickova’s evidence is not challenged and I have no reason to doubt it.

60. Mr Hurst was cross examined on his evidence about the level of confusion amongst the public. Mr Hurst accepted that he had known about the proprietor’s use of GRAZE since 2009. He said that people used to come into the Great Tower Street café and say things like *"I got one of your flyers in the post"*, which made him think that they thought the café was connected with the business conducted under the GRAZE mark.

61. Mr Lykiardopoulos asked Mr Hurst why he had not mentioned the scale or kinds of confusion described in his fourth witness when he completed his first statement in December 2014. This was despite the fact that his first statement contained a section entitled ‘instances of confusion’. It was put to Mr Hurst that his later statement exaggerated the level of confusion in order to counter the proprietor’s reliance on honest concurrent use. Mr Hurst denied this. He said his first statement contained just an example of confusion. Asked about the phone calls made in error to his business, Mr Hurst said that Ms Hrdlickova dealt with most of these calls. However, from what he could hear from her side of the conversations, it sounded as though customers were complaining about GRAZE snack boxes. Mr Hurst said that he had not stopped to think about the effect this confusion was having on his business at the time, but he later realised that there was cause for concern.

62. I accept Mr Hurst’s evidence that there have been instances where the members of the public have wrongly assumed that the applicant’s business is connected to the proprietor’s business. However, I do not accept that the established scale of such confusion has been shown to be great, particularly after 2011. And there is no direct evidence of anyone having purchased the proprietor’s products in the belief that the applicant was responsible for them.

63. Mr Hurst may well now believe that there is widespread public confusion. The 'hangover' food box his business launched in 2013 led to the proprietor threatening trade mark infringement proceedings against his business based on the contested trade mark (and its common law rights in GRAZE). This appears to have triggered a number of applications, by both parties, to cancel each other's trade marks<sup>28</sup>. Mr Hurst has therefore been embroiled in trade mark proceedings for the past two years. In any event, I find it difficult to attribute significant weight to Mr Hurst's claims of numerous instances of ongoing public confusion without knowing specifically what was said by whom, and the full context in which such statements were made.

64. The proprietor has over 170k customers in central London<sup>29</sup>. Against that background, I find it significant that the only documentary evidence of any kind of confusion since 2010 is in an electronic post from May 2014 and an email dated January 2015. I accept Mr Hurst's partial explanation that emails received prior to the start of these proceedings are no longer available. However, the applicant appears to have access to its records from the time that these proceedings began on 1<sup>st</sup> August 2014. There is only one email in his evidence between this date and the date of Mr Hurst's fourth statement in November 2015. And no records of any telephone calls or any further posts left on the applicant's website. This is not consistent with Mr Hurst's impression that there is a widespread and steadily increasing level of public confusion.

65. I cannot accept Mr Hurst's evidence that the people to whom Ms Hrdlickova spoke to in 2010/11 were calling to complain about the proprietor's snack boxes in circumstances where, a) Mr Hurst says that Ms Hrdlickova took the calls, and b) she says no such thing in her statement. I accept that this was a reasonable inference for Mr Hurst to draw from listening to Ms Hrdlickova's side of these conversations. After all, the purpose of these calls was to cancel subscriptions for the proprietor's products. However, that may have been for a number of reasons. It seems from Ms Hrdlickova's evidence that it was not easy at the time to find a contact telephone number on the proprietor's graze.com website<sup>30</sup>. It appears that people tried other websites for contact details, including the applicant's similar sounding grazingfood.com website, and used the telephone number they found there. The annoyance that Mr Hurst thought he detected from listening to Ms Hrdlickova's end of these telephone conversations may therefore have been nothing more than the callers' frustration at the difficulty they had in contacting the proprietor.

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<sup>28</sup> The proprietor has since withdrawn its application to cancel the applicant's earlier mark in these proceedings.

<sup>29</sup> See paragraph 13 of Mr Fletcher's second witness statement

<sup>30</sup> It appears from the email the applicant sent to the proprietor in 2010 that it was not easy to find a postal address for the proprietor either: see exhibit AF26

66. I find that, with the possible exception of a period in 2010/11, the evidence establishes no more than occasional instances of confusion between the parties and/or their trade marks.

### **The law**

67. Sections 5(2)(b) and 5(4)(a) of the Act state:

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

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

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

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

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

The relevant parts of section 47 state:

“47(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

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

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

“47(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.”

68. I find it convenient to examine first the ground for invalidation based on s.5(4)(a).

## Passing off right ground

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

"The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."

### The relevant dates

70. In *SWORDERS TM*<sup>31</sup> I said that:

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

71. This analysis was subsequently approved by Mr Daniel Alexander QC as the Appointed Person in *Advanced Perimeter Systems Limited v Multisys Computers Limited*<sup>32</sup>. Kitchen L.J. made similar findings in relation to the relevant date for determining the validity of a Community Trade Mark in analogous circumstances: see *Maier v ASOS*<sup>33</sup>.

72. Mr Lykiardopoulos submitted that August 2008 is the relevant date for determining the merits of the s.5(4)(a) ground for the goods covered by the contested mark in classes 29 to 33. This is because this is when the proprietor first used GRAZE in relation to food delivered by post. Ms Chantrielle submitted that the relevant date is the date on which the proprietor commenced the conduct now

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<sup>31</sup> BL O-212-06

<sup>32</sup> BL O-410-11

<sup>33</sup> [2015] EWCA Civ 377

complained about, i.e. the use of GRAZE. I do not detect any real difference between these submissions. Strictly speaking, August 2008 is only the relevant date insofar as the enquiry is directed at the goods/services the proprietor traded in at that time. According to Mr Fletcher's evidence, the proprietor's core range of products "*has always tended to be around seeds, dried fruits, nuts and flapjacks*"<sup>34</sup>. However, numerous other products have been offered. According to the historical pages from the proprietor's website in evidence, dated between September 2008 and March 2011<sup>35</sup>, the proprietor's offering in this period consisted of:

- i) Fresh fruit & vegetables
- ii) Olives
- iii) Dried fruits, nuts and seeds
- iv) Crackers and crispbreads
- v) Cereal bars and flapjacks
- vi) Dips, e.g. chutney, chilli sauce
- vii) A deli range, e.g. salami, beef biltong
- viii) Bakery products, e.g. focaccia bread with toppings
- ix) Sweet products, e.g. chocolate buttons

If the proprietor had established goodwill in a business selling these goods under the GRAZE mark, this will be relevant to whether the use of GRAZE in relation to other types of food and drink would have amounted to passing off at the date of the application to register the contested trade mark (December 2011).

73. Mr Lykiardopoulos submitted that the relevant date for determining the merits of the s.5(4)(a) ground in relation to the registration of the contested mark for the services in class 43 is not clear. He pointed out that the proprietor has not provided restaurant, snack bar, caféteria or banqueting services under the contested mark. That being so, he submitted that December 2011 is most likely the relevant date for assessing the s.5(4)(a) ground in relation to the services in class 43.

74. In my view, the relevant date for assessing the s.5(4)(a) ground in relation to restaurant, snack bar, caféteria and banqueting services is plainly December 2011. Further, as the proprietor makes no distinction between these services and the other services covered by class 43 of the registration, i.e. provision of food and drink and catering services, I find that the same applies to these services.

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<sup>34</sup> See paragraph 20 of Mr Fletcher's second witness statement

<sup>35</sup> See exhibit AF33

### The applicant's goodwill in August 2008

75. The applicant's goodwill in August 2008 was in the business it operated under the earlier mark at the Great Tower Street café. The business was primarily a café that had a particular (although not exclusive) emphasis on meat based products.

76. According to Mr Hurst, the café business was turning over around £300k per annum at this point in time. There is no suggestion that the applicant's goodwill in August 2008 was too trivial to be protected under the law of passing off. This is correct. A small business with a more-than-trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small<sup>36</sup> and/or local<sup>37</sup>.

77. The applicant's business also included delivery of breakfasts and (more particularly) lunches to local businesses. This corporate catering side of the business turned over £50k between March 2007 and August 2008. However, this was not a separate business with its own goodwill in August 2008, but an adjunct to the applicant's principal café business. The applicant's corporate customers would have been aware that the lunches and breakfasts they ordered were coming from the local café.

### The applicant's goodwill in December 2011

78. I find that a fair characterisation of the applicant's business in December 2011 is as a provider of café and catering services. The applicant claims that its goodwill also extended to the wide range of goods it provided through its café and (by then separate) catering service. I do not accept this. Many of the goods carried third party brands, such as Innocent smoothies. The applicant would clearly not have been regarded as responsible for the quality of those goods. Further, even in the case of unbranded products, consumers are more likely to have regarded the applicant's business as providing a café or catering service rather than as a trader in goods as such.

### Misrepresentation in August 2008

79. I am required to consider normal and fair use of the contested mark in relation to all the registered goods/services (except delivery services in class 39).

80. In the context of the s.5(2)(b) ground for invalidation, the proprietor accepts that:

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<sup>36</sup> *Stacey v 2020 Communications* [1991] FSR 49, Millett J.

<sup>37</sup> *Stannard v Reay* [1967] FSR 140

‘Prepared meals, salads, desserts, chilled ready meals, ready made dishes, sandwiches and pasties’

- are goods which a consumer might think are provided by the same undertaking as a café service.

81. As a matter of logic the same must apply to pies (like pasties) and puddings (like desserts) in class 30. Further, I consider that there is also a degree of similarity between, on the one hand, café and catering services and, on the other hand, fish, poultry and game, fish products, prepared meals, salads, desserts, ready meals, ready-made dishes, sandwiches, pizzas, pasties, pies, puddings, coffees, teas, waters, non-alcoholic drinks, carbonated soft drinks, fruit drinks, fruit juices and smoothies. Consequently, although the nature of the parties’ trade is different (café and catering services versus trade in foods and drinks) the respective fields of commercial activity overlap to a certain extent, i.e. both traders are in the same general field of providing food and drink.

82. Most of the remaining goods covered by the contested mark in classes 29-33 appear to me to be either goods you would not expect to be provided in a café at all, such as cocoa powder, or goods that you might expect to be available for your use, in a café, but that the applicant’s customers definitely would not have expected the undertaking that operated the applicant’s café to sell (either in the café or via a related delivery service) as goods under the trade mark of the café, e.g. jams.

83. As to the degree of similarity between the trade marks, it is obvious that GRAZE and GRAZING consist of the same word expressed in different tenses. The contested mark is therefore highly similar to the word GRAZING. It is less similar to the earlier mark as a whole because the earlier mark includes distinctive stylisation. Ms Chantrielle fairly accepted that the stylised GRAZING mark created the impression of a cow. This was intentional. It reflected the applicant’s initial focus on meat based products. Consequently, although the marks are based on the same word, there is, in my judgment, only a medium degree of similarity between how the marks look. The stylisation of the applicant’s mark cannot be heard. Therefore the marks are more similar (although by no means identical) to the ear. The words in the marks have more or less the same meaning. Mr Lykiardopoulos submitted that the stylisation in the applicant’s earlier mark gave the specific impression of a cow grazing rather than just the general idea of grazing on food. I see the point, but I think it is too subtle to change the similar meaning conveyed by the word elements of the marks when they are used in relation to foodstuffs and café/catering services for humans. I find that despite the stylisation of the applicant’s mark, and the use of the word GRAZE instead of GRAZING, there is a medium to high level of similarity between the marks.

84. The parties accept that GRAZE/GRAZING describes a way of eating. The proprietor says that this means that the words at issue are descriptive of goods and services associated with eating. Consequently, smaller differences between the marks should be accepted as sufficient to avoid deception compared to marks sharing an inherently distinctive word. It is well established that descriptive marks are given a narrower scope of protection compared to marks composed of arbitrary words. The case most usually quoted as authority for this proposition is *Office Cleaning Services Ltd v Westminster and Window and General Cleaning Ltd*<sup>38</sup> when Lord Simonds said:

“Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first trader is allowed to unfairly monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be accepted from the public where a trade name consist wholly or in part of words descriptive of the articles to be sold or the services rendered”.

85. Ms Chantrielle submitted that even if GRAZING described a method of eating, it did not describe the goods/services at issue. I see the point, but also its limits. One could say much the same thing about the word EATING itself, but the implications of allowing one trader to monopolise that word (or its variants) for food or food services is obvious. Descriptiveness is a matter of degree. I accept that the words under consideration here are not as descriptive as ‘office cleaning’ for office cleaning services. Nevertheless, I find that the words in both marks are quite descriptive of the goods and services at issue. The public will see this and therefore be slower to assume that the users of such marks must be connected.

86. Taking all the above factors into account, I find that the proprietor’s use of the contested mark in August 2008 in relation to the goods listed in paragraph 72 above would not have constituted a misrepresentation to the public. Consequently, there was no passing off at the inception of the proprietor’s trade in these goods and therefore no passing off.

#### Misrepresentation in December 2011

87. By December 2011 the nature of the applicant’s business had changed. The applicant had by then established a separate ‘kitchen’ facility and it was accepting catering orders over the internet. By this date the applicant’s corporate catering business was really a separate business to its Tower Street café generating its own goodwill. The applicant also catered for events. The applicant appears to have continued to provide a mixture of unbranded and third party branded food and drinks.

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<sup>38</sup> [1946] 1 All E.R. 320; 63 R.P.C. 39, HL

The applicant was still providing a catering service. The catering side of the applicant's business was mostly targeting corporate customers whereas the proprietor's business was mostly targeting the general public. However, if I compare the applicant's actual business (café and catering business) with normal and fair use of the contested mark in relation to the registered specification of goods and services for the contested mark, I find that the respective fields of commercial activity had started to overlap to a greater extent than they did in August 2008.

88. If the proprietor had provided snack bar, cafeteria or catering services under GRAZE in December 2011 (at least in London) a substantial number of the applicant's customers or potential customers would have been deceived into believing that the proprietor was the applicant. Assuming such use of the marks in relation to identical services, I find that even after allowing for a greater degree of discrimination than usual on the part of the public because of the descriptiveness of the marks, a substantial number of the public would have been deceived. This is most likely to have occurred through the public's imperfect recollection of the applicant's mark. This would also have been the result of the use of the proprietor's mark in relation to closely similar services to those of the applicant, such as restaurant services. The dividing line between the applicant's catering services and the proprietor's 'banqueting services' is too imprecise to permit a meaningful distinction to be drawn between the two. Therefore, my finding also extends to these services. Additionally, as all of the specific services in class 43 covered by the contested mark are encompassed within the remaining very general description of services 'provision of food and drink', I find that use of the proprietor's mark in relation to this description of services would also have been deceptive. I therefore find that use of the proprietor's mark in December 2011 in relation to any of the services covered by class 43 of the contested mark would have constituted a misrepresentation to the public.

89. Such a misrepresentation would have been likely to have damaged the applicant's goodwill, most obviously by diverting trade from the applicant to the proprietor. The passing-off right claim is therefore made out *prima facie* so far as the services in class 43 are concerned.

90. As regards the goods covered by classes 29-33 of the contested mark, I find that the differences between the respective marks, the descriptive nature of the word elements, and the fact that the applicant's mark was used in relation to café and catering services, whereas the proprietor's mark was (notionally and actually) used in relation to food and drink products as such, was sufficient to avoid a likelihood of deception amongst a substantial number of the applicant's customers or potential customers. Consequently, I find that use of the proprietor's mark in relation to the goods in classes 29-33 would not have constituted a misrepresentation. Therefore the passing-off right claim is not made out so far as use of the contested mark in relation to goods is concerned.

92. The finding in the preceding paragraph is not undermined by the limited evidence of actual confusion shown by the evidence. This is because a) the established level of confusion is low, b) the people who were confused appear to have been in a rush and not paid very much attention to what they were doing, c) the documented confusion seems to have been between GRAZE and grazingfood.com, not between GRAZE and the earlier mark/the word GRAZING *per se*, and d) the sort of confusion shown by the evidence is not of a kind that is likely to have caused damage to the applicant's goodwill.

93. I accept that the real level of confusion is likely to have been higher than just the instances of confusion shown in the evidence. However, I think it likely that most of it was of the non-damaging kind of confusion found by Jacob. L.J. in *Reed v Reed*<sup>39</sup> and Arnold J. in *BDO*<sup>40</sup>. I note that the confusion identified in the latter case also consisted of people telephoning the claimant by mistake after looking for the defendant's telephone number on the internet.

94. I recognise that damage can take forms other than loss of sales. In particular, loss of control over the reputation of a business can be a legitimate head of damage in appropriate circumstances. However, I see no evidence in this case of the sort (or scale) of confusion that is likely to result in serious damage of any kind to the applicant's goodwill.

#### Honest concurrent use

95. There was no passing off at the date the proprietor commenced use of GRAZE<sup>41</sup>. The proprietor had plainly acquired its own commercial goodwill under the mark GRAZE by the time it filed its trade mark application in December 2011. Although the range of goods offered by the proprietor has increased since then, the types of goods being offered has not changed very much. I note from the evidence of the applicant's historical website<sup>42</sup> that by July 2012 the proprietor was trading in teas, albeit of the bag kind rather than the sort of freshly made tea one would expect from a caterer. And the proprietor had also started to offer mini puddings and brownies<sup>43</sup>. Thus the sorts of foods and drinks that the parties' provided started to overlap more as time progressed.

96. The proprietor relies on honest concurrent use of the mark GRAZE to resist the applicant's passing off right claim. In *W.S. Foster & Son Limited v Brooks Brothers*

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<sup>39</sup> [2004] EWCA Civ 159 at paragraph 90

<sup>40</sup> [2013] EWHC 418 (Ch) at paragraphs 63-165

<sup>41</sup> See paragraphs 79 to 86 above

<sup>42</sup> See exhibit AF33, pages 17 and 18

<sup>43</sup> As per footnote 32 above.

*UK Limited*<sup>44</sup>, Iain Purvis Q.C. sitting as a Deputy Judge of the Patents County Court set out the following test for whether honest concurrent use provides a defence in a passing off action:

“61. The authorities therefore seem to me to establish that a defence of honest concurrent use in a passing off action requires at least the following conditions to be satisfied:

(i) the first use of the sign complained of in the United Kingdom by the Defendant or his predecessor in title must have been entirely legitimate (not itself an act of passing off);

(ii) by the time of the acts alleged to amount to passing off, the Defendant or his predecessor in title must have made sufficient use of the sign complained of to establish a protectable goodwill of his own;

(iii) the acts alleged to amount to passing off must not be materially different from the way in which the Defendant had previously carried on business when the sign was originally and legitimately used, the test for materiality being that the difference will significantly increase the likelihood of deception.”

97. Ms Chantrielle drew my attention to paragraphs 58-60 of Mr Purvis's judgment where he stated that honest concurrent use cases fell, so far as he was aware, into two categories: businesses trading in separate localities who later come into conflict as a result of increased trade, or so-called 'common ancestor' cases. Ms Chantrielle pointed out that the facts in these cases do not fit into either of these categories. She therefore questioned whether an honest concurrent use defence was available to the proprietor. I do not think that Mr Purvis's comments were intended to be an exhaustive statement of the circumstances in which honest concurrent use can be accepted as a defence in passing off cases. I can think of at least one case where such a defence succeeded which does not fall into either of the categories described by Mr Purvis<sup>45</sup>. The doctrine honest concurrent use was explained by Lord Diplock in *General Electric*<sup>46</sup> as follows:

'the interest of the public in not being deceived about the origin of goods had and has to be accommodated with the vested right of property of traders in trade marks which they have honestly adopted and which by public use have attracted a valuable goodwill.'

I am satisfied that if it has shown that it satisfies the requirements set out in paragraph 96 above, the proprietor should be entitled to the defence.

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<sup>44</sup> [2013] EWPC 18

<sup>45</sup> See *Daimler Chrysler AG v Alavi* [2001] RPC 42

<sup>46</sup> [1972] 1 WLR 729 at 743

98. By the date of the trade mark application in December 2011 the proprietor had been using its mark for 2 to 2.5 years. This is not very long but it had established a significant business by this time as a nationwide trader in snacks foods<sup>47</sup>. In my judgment, the proprietor had plainly established a protectable goodwill of its own by December 2011.

99. It is true that the range of goods covered by the contested mark is wider than that shown in the proprietor's evidence. Some of these goods, such as cocoa powder and jams, are sufficiently far removed from the applicant's goodwill that there was plainly no likelihood of misrepresentation or damage. Other goods, such as sandwiches, salads, tea, pasties and pizzas are closer to the applicant's catering services than the sorts of snack foods shown in the proprietor's evidence. However, they are similar in nature to snack foods and natural extensions to a snack food business. In my judgment, these goods are in the middle of the spectrum between the applicant's goodwill as a provider of café and catering services and the proprietor's goodwill as a snack food provider. In this connection, Mr Lykiardopoulos drew my attention to *IPC Media Limited v Media 10 Limited*<sup>48</sup>. This case concerned the long established concurrent use of IDEAL HOME by two companies whose main businesses were running a home interest magazine and a home interest show, respectively. At different times the parties moved into retailing home interest goods. The court of appeal found that the party who moved into this area of trade later – the publishers of the IDEAL HOME magazine - was not thereby passing itself as connected with the organisers of the IDEAL HOME show. I see significant factual differences between this case and the case concerning the mark IDEAL HOME. Firstly, the parties in that case had used their marks for very many years and, so far as their main businesses were concerned, had been content for the public to assume they were connected. Secondly, the concurrent use in this case is much shorter and there is no suggestion of any form of acquiescence. On the other hand, the marks in the IDEAL HOME case were identical, whereas the marks in this case are only similar. Consequently, if there is any deception and damage to the applicant, it is likely to be at a lower level and is therefore more tolerable.

100. I find that the proprietor's notional use of the contested mark in relation to all the goods covered by classes 29-33 of the registration in December 2011, would not have been materially different from the way in which the mark had previously been used. Therefore, even if I had found the applicant's passing-off right claim made out *prima facie* so far as use of the contested mark in relation to goods such as sandwiches, salads, tea, pasties and pizzas, was concerned, the proprietor would still have had a defence based on honest concurrent use. Consequently, I would still

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<sup>47</sup> The company's annual turnover in the year ending 28<sup>th</sup> February 2012 amounted to nearly £21m.

<sup>48</sup> [2014] EWCA Civ 1439, at paragraphs 61 to 65.

have rejected the applicant's passing-off right so far use of the contested mark in relation to the goods in classes 29-33 is concerned.

101. The proprietor has not claimed honest concurrent user of its mark in relation to services in class 43. And I do not regard those services as a natural extension of the proprietor's business. Even if they are, moving into these services would mean moving into the very services provided by the applicant. That would materially increase the prospect of deception and damage to the applicant's goodwill. A defence of honest concurrent use is not be available to the proprietor in these circumstances.

102. It follows from the above, that the s.5(4)(a) ground succeeds in respect of the services in class 43, but not otherwise.

### **Section 5(2)(b) ground**

#### Comparison of goods and services

103. The respective goods/services are shown below.

Earlier Mark	Contested mark
<p><b>Class 43</b> Food and drink to eat in and take away including; hot and cold sandwiches and salads, soups, hot and cold drinks, crisps, fruit, cakes and sweets, snack foods.</p>	<p><b>Class 29</b> Fish, poultry and game; cooked fruits and vegetables; fruit sauces; edible oils and fats; fish products; preserved, dried, cooked, canned and frozen fruits, vegetables, pulses, fish and fish products; soups; milk, dairy products; milk products; eggs; yoghurts; jams, marmalade, preserves; conserves; peanut butter; fish, fruit, vegetable, savoury, sweet and sandwich spreads; edible oils and edible fats; pickles; relishes; jellies; jams; jelly crystals; mincemeat; fruit curds; fruit desserts; fruit salads; sauces; candied and uncandied peel; salted nuts and processed nuts, vegetable pastes; prepared meals, snack foods and salads; desserts; nuts, crisps, dried olives; preparations for making soup; ready meals; chilled and frozen ready meals; all of the above-mentioned goods being for human consumption only.</p> <p><b>Class 30</b> Flavourings and seasonings; herbal preparations for making beverages; additives for beverages; coffee, coffee essences, coffee extracts, artificial coffee, coffee preparations; chicory and chicory mixtures, all for use as substitutes for coffee; tea, black tea, green tea, herbal tea, tea essences, tea extracts, instant tea, tea mixtures; cocoa, cocoa products, cocoa powder, drinking chocolate, beverages made from or containing chocolate; beverages made from or containing cocoa; malted food drinks; malted drinks; custard; custard powder; blancmange; baking powder;</p>

	<p>flour; preparations made from flour; bran, wheatgerm, yeast; rusks; cereals and preparations made from cereals; bread, bread products, pastry; bakery products; flapjacks; farinaceous products and preparations; macaroni; vermicelli; spaghetti; pasta; pasta sauces; noodles; pizzas; pastries, confectionery and candy; tarts; biscuits; cookies; cakes; chocolate products; spices; sugar, rice, tapioca, sago; syrup; honey and honey substitutes; treacle; chocolate spread; salt mustard; pepper; vinegar; sauces; desserts; puddings; ice cream and ice cream confections; frozen confections; ready made dishes; pies; curry powder; curry paste; mayonnaise, yeast extracts; savoury spreads; salad dressings; sandwiches; prepared meals and snack foods; Coffee, tea, cocoa, preparations made from cereals, bread, pastry and confectionery, sauces (condiments) and cereal bars; cake making kits; crisps made of cereal or flour; popcorn; porridge; chutneys; salad cream; preserved ginger; sandwiches; pasties; all of the above-mentioned goods being for human consumption only.</p> <p><b>Class 31</b> Fresh fruits, fresh vegetables, seeds, fresh nuts (fruits) included in Class 31, and malt; natural plants and flowers; herbs; all of the above-mentioned goods being for human consumption only.</p> <p><b>Class 32</b> Beer, mineral waters, aerated waters, non-alcoholic drinks; carbonated soft drinks; fruit drinks, fruit juices; syrups, cordials and preparations for making beverages; smoothies; meal replacement drinks.</p> <p><b>Class 33</b> Alcoholic beverages; wines and spirits.</p> <p><b>Class 43</b> Provision of food and drink; restaurant, bar, snack bar, caf��teria, banqueting and catering services.</p>
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104. The proprietor does not contest that the earlier mark has been put to use such as to satisfy s.6A of the Act.

105. The list of services covered by the earlier mark is expressed in unusual language. It focuses on the food and drinks being provided, rather than on the services. Nevertheless, it is important to keep in mind that the applicant's mark is

registered for services and not for goods<sup>49</sup>. The goods specified as examples of the sorts of food and drink provided through the services are therefore relevant only to the extent that they assist in characterising the services at issue. Further, as Mr Lykiardopoulos pointed out, when construing a specification of services it is important not to construe the words too broadly. This is particularly the case where, as in this case, rather vague language is used. In these circumstances, the specification should be given a meaning which reflects the core of the possible meanings attributable to the words<sup>50</sup>.

106. In *YouView TV Ltd v Total Ltd*<sup>51</sup>, Floyd J. (as he then was) stated that:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

107. Bearing in mind that my task is to determine the nature and scope of the applicant's services, a natural reading of the words in the specification of the applicant's mark is that it covers snack bar/cafeteria services. Ms Chantrielle submitted that the applicant's specification also covers catering services of the kind shown in the applicant's evidence. I reject this submission. The natural meaning of the words 'food and drink to eat in and take away' (emphasis added) is food and drink provided from premises such as a café/snack bar<sup>52</sup>. Catering services provided at the premises of others would not naturally be described in this way<sup>53</sup>. Consequently, I find that 'catering services' (to the extent that these are different to café/snack bar services) are not covered by the registration of the earlier mark.

108. The services covered by the earlier mark are plainly identical to café and snack bar services in class 43 of the contested mark. Further, in *Gérard Meric v OHIM*<sup>54</sup>, the General Court stated that:

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<sup>49</sup> The class number can be taken into account for this purpose: see *Altecnic Ltd's Application* [2001] EWCA Civ 1928

<sup>50</sup> *Avnet Inc. v Isoact Ltd* [1998] FSR 16

<sup>51</sup> [2012] EWHC 3158 (Ch)

<sup>52</sup> Including, perhaps, a 'pop-up' cafe

<sup>53</sup> This means that the scope of the applicant's trade mark is narrower in one respect than the goodwill in the business considered under the s.5(4)(a) ground.

<sup>54</sup> Case T- 133/05

“29. .... the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 Institut für Lernsysteme v OHIM-Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

109. On this basis the term ‘provision of food and drink’ in class 43 of the contested mark must also be considered to be identical to the services covered by the earlier mark.

110. Turning to the question of similarity of the remaining goods/services, I note that in the judgment of the CJEU in *Canon*<sup>55</sup>, the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

111. Mr Lykiardopoulos accepted that restaurant and bar services are similar to snack bar and cafeteria services. In my view, these services are highly similar.

112. Mr Lykiardopoulos submitted that banqueting services and catering services are much less similar to café and snack bar services. He argued that *“very few consumers would think that an undertaking providing banqueting services is similar to a take away. So, although there is some similarity (they all serve prepared food to consumers) it is not a high degree of similarity.”*

113. I agree that ‘banqueting services’ are not very similar to the services covered by the registration of the earlier mark (café/snack bar services). The nature of the service is different because banqueting services are associated with formal occasions whereas café and snack bar services are associated with informal consumption of food and drinks. Further, café/snack bar services include the provision of suitable premises for consumption of food and drinks whereas banqueting services do not. The purpose of the respective services is broadly similar, but the services are unlikely to be in competition. In my view there is a low degree of similarity between these services.

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<sup>55</sup> Case C-39/97

114. On the other hand, catering services are, in my view, highly similar to café and snack bar services. The nature of the services is partly similar in that both may provide for informal dining. Unlike café/snack bar services, catering services do not usually include the provision of suitable accommodation for the consumption of food and drinks. The purpose of the services is, however, the same: to provide consumers with food and/or drinks, at least some of which will usually be prepared to the customer's order. The services are unlikely to be in direct competition, but (as the applicant's evidence shows) the same undertaking is liable to provide both kinds of services.

115. Turning to the similarity between the applicant's services and the goods covered by the contested mark, Ms Chantrielle submitted that:

“The average consumer would regard the service provided by the Earlier Mark as also including food, particularly if it is being used in relation to the food on packaging etc. of the food that is being sold in the relevant outlets. In the premises, the goods/services for which the Earlier Mark and the Trade Mark are respectively registered are similar to a moderate (identical in the case of class 43).”

116. Whilst it is clear that the applicant's services are for the provision of food and drinks, I do not accept that the earlier mark should be treated as though it is a trade mark for goods. The registration of a trade mark for, in effect, café/snack bar services provides no basis for assuming that the trade mark will be used on the packaging of the goods. Even if it is so used, for example on the packaging for take-away food, normal and fair use of a mark registered for services must be taken as being use of the mark in relation to the services rather than use of the mark in relation to goods.

117. Food and drink as goods are different in nature to services in class 43. Although the services at issue involve the provision of food and drinks, the purpose of such services is different to the purpose of the goods. The goods are for enjoyment and sustenance. The purpose of the services is to provide consumers with a convenient choice of food and drink options, at least some of which would usually be prepared to the customer's order. I accept that there is a degree of competition between the services and some of the goods covered by the contested mark, such as fish, poultry and game, fish products, prepared meals, salads, desserts, ready meals, ready-made dishes, sandwiches, pizzas, pasties, pies, puddings, coffees, teas, waters, non-alcoholic drinks, carbonated soft drinks, fruit drinks, fruit juices and smoothies. This is because consumers may decide to place an order for prepared foods at a café/snack bar, or they may decide to buy an off-the-shelf food and/or drink product instead. Overall, I find that there is a medium degree of similarity between the applicant's services and the goods mentioned above.

118. There is less competition between the applicant's services and some of the other goods covered by the contested mark, such as dried fruits, seeds and nuts. There does not appear to me to be any competition between the applicant's services and many of the other goods covered by the contested mark in classes 29-33, such as cocoa powder, curry paste, beers, treacle or jams. Overall, I find that there is a low degree of similarity, or no similarity at all, between the applicant's services and the other goods covered by the contested mark.

#### The case law under s.5(2)

119. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

#### **The principles**

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

### Comparison of marks

120. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that average consumers normally perceive marks as a whole and do not proceed to analyse their various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components.

121. Based on my analysis at paragraph 83 above, I find that I find that there is a medium level of visual similarity between the marks and a medium to high level of overall similarity between the marks.

### Average consumer and the purchasing act

122. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*.

123. It is common ground that average consumers of the goods and services at issue, whether ordinary members of the public or corporate customers, pay an average degree of attention when selecting the goods or services.

124. The proprietor's goods and services are likely to be selected primarily by visual means, such as the signage outside a café. This means that the degree of visual similarity between the marks and (to a lesser degree) conceptual similarity are most

important. However, word of mouth recommendations may also play a part, so aural similarity is also relevant, albeit to a lesser extent than visual similarity.

#### Distinctive character of the earlier mark

125. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

126. Based on my analysis at paragraph 85 above, I find that the earlier mark (or at least the word GRAZING) is quite descriptive of the services for which it is registered. In my judgment, it has a low degree of inherent distinctiveness. The earlier mark had been in use for over 4 years prior to the date of the application to register the contested trade mark. However, the use was local in nature and on a relatively modest scale. I accept that a significant proportion of the (admittedly substantial number of) people who work in central London, particularly in the EC1 to EC4 districts, may have become familiar with the applicant's mark by December 2011. I doubt that many outside this area would have come across the applicant's mark. Therefore, considered in a national context, the earlier mark was barely any more factually distinctive in December 2011 than it was as an unused mark.

#### Likelihood of confusion

127. In my judgment, the degree of similarity between the marks, coupled with the identity or high level of similarity between the services covered by the earlier mark and most of the services covered by the contested mark, means that there is a likelihood of confusion if the contested mark is used in relation to:

Provision of food and drink; restaurant, bar, snack bar, caf  teria, catering services.

128. Confusion is most likely to occur through the public imperfectly recollecting the applicant's mark and confusing it with the contested mark, or vice versa. The risk of such confusion is plainly at its highest where the parties are (are least notionally) providing the same or highly similar services.

129. I find that the degree of similarity between the marks is insufficient to create a likelihood of confusion if the contested mark is used in relation to banqueting services. This is because those services are only similar to the services covered by the earlier mark to a low degree. In these circumstances, the low level of distinctiveness of the word GRAZING for the applicant's services is, in my view, sufficient to avoid a likelihood of confusion. Specifically, the risk of the public both confusing the parties' trade marks and wrongly assuming that the undertaking providing caf  /snack bar type services under the earlier mark is also the undertaking (or connected to the undertaking) responsible for providing banqueting services appears to me to be sufficiently low that it can be discounted.

130. I further find that the degree of similarity between the marks is insufficient to create a likelihood of confusion if the contested mark is used in relation to the goods for which it is registered in classes 29-33. Those goods are similar to the services covered by the earlier mark to degrees ranging from medium to none. In these circumstances, the low level of distinctiveness of the word GRAZING for the services covered by the earlier mark, and for the goods that have most similarity to the applicant's registered services, is also sufficient to avoid a likelihood of confusion.

131. Mr Lykiardopoulos reminded me that it is not sufficient that some members of the public might wonder whether the users of the parties' marks are connected. This point is based on comments by Jacob LJ in *Reed*<sup>56</sup> to the effect that "harmless confusion" is to be ignored. I note these comments, but I must also bear in mind the guidance of the CJEU set out at paragraph 119 above, which states that "*if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.*" It is clear that a likelihood of confusion within the meaning of s.5(2) requires more than that that the one mark calls the other mark to mind. This is mere association in the strict sense of the word. But if a significant proportion of relevant average consumers making such an association might be caused to believe that the goods/services come from the same or economically-linked undertakings, then there is a likelihood of confusion within the meaning of the section. I do not rule the possibility that the level of similarity between the respective marks and services/goods might result in some speculation on the

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<sup>56</sup> [2004] EWCA Civ 159 (at [90])

part of some average consumers as to whether the parties are connected. However, for the reasons stated above, I do not consider that there is a risk of this occurring on any significant scale<sup>57</sup>.

### Honest concurrent use

132. The proprietor relies on honest concurrent use of GRAZE as a defence to the applicant's ground for invalidation under s.5(2). In support of this defence, my attention was drawn to the decision of the Court of Appeal in *IPC Media v. Media 10* in which Kitchen L.J. discussed the decision of the CJEU in *Budvar v. Budwieser*<sup>58</sup>. Kitchen L.J. explained that:

“46 The [CJEU] then explained (at [75]) that it was to be noted that the use by Budvar of the Budweiser mark had not had and was not liable to have an adverse effect on the essential function of the Budweiser mark owned by Anheuser-Busch. It proceeded to point out that the facts of the case were exceptional in five respects.

“77. First, the referring court states that Anheuser-Busch and Budvar have each been marketing their beers in the United Kingdom under the word sign ‘Budweiser’ or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned.

78. Second, Anheuser-Busch and Budvar were authorised to register jointly and concurrently their Budweiser trade marks following a judgment delivered by the Court of Appeal (England & Wales) (Civil Division) in February 2000.

79. Third, the order for reference also states that, while Anheuser-Busch submitted an application for registration of the word ‘Budweiser’ as a trade mark in the United Kingdom earlier than Budvar, both of those companies have from the beginning used their Budweiser trade marks in good faith.

80. Fourth, as was stated in para.10 of this judgment, the referring court found that, although the names are identical, United Kingdom consumers are well aware of the difference between the beers of Budvar and those of Anheuser-Busch, since their tastes, prices and get-ups have always been different.

81. Fifth, it follows from the coexistence of those two trade marks on the United Kingdom market that, even though the trade marks were identical, the beers of Anheuser-Busch and Budvar were clearly identifiable as being produced by different companies.”

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<sup>57</sup> In this connection, see the later comments of the Court of Appeal in *J.W.Spear & Sons Ltd and Others v Zynga Inc.* [2015] EWCA Civ 290, Floyd L.J. at paragraph 37(iii).

<sup>58</sup> Case C-482/09

47 The [CJEU] reiterated (at [82]) that, in circumstances such as these, a long period of honest concurrent use of two identical marks designating identical products neither had nor was liable to have an adverse effect upon the essential function of the mark. It then answered the referred question in these terms:

“84. In the light of the foregoing, the answer to the third question is that Art.4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.”

48 Now it is entirely true to say that the facts of the present case are different from those of *Budweiser*. Moreover, the circumstances of *Budweiser* were clearly exceptional. However, I do not understand the reasoning or guidance of the Court of Justice to be limited to only those cases which share all five characteristics of that case. To the contrary, it seems to me that the Court has made it clear that the fundamental question to be asked and answered in any particular case is whether the impugned use does or does not have an effect upon the functions of the trade mark.

49 Further and importantly in the present context, the Court has not ruled that honest concurrent use cannot avail a trader if the impugned use is liable to cause some confusion. Indeed, this court was required to consider that very question in deciding the ultimate outcome of that case, for Anheuser-Busch argued that, in the light of the guidance given by the Court, the doctrine could only apply where the level of confusion was *de minimis*. It continued that if there was a level of confusion above that, then the essential function of the trade mark relied upon would be impaired and a case of permissible honest concurrent use would not be made out.

[...]

51 I respectfully agree that there may well be more than *de minimis* confusion in a case of honest concurrent use. No doubt many consumers will recognise that the marks are used by different businesses, but others will not. In other words, once honest concurrent use is established, the mark does not solely indicate the goods or services of just one of the users. As Sir Robin Jacob explained, in such a case the guarantee given by the mark is different.”

133. It is clear from this that the CJEU’s preliminary ruling in *Budweiser* does not mean that honest concurrent use is a self-standing defence under s.5(2). Rather *Budweiser* is a further application of the rule, first established by the CJEU in *Adam*

*Opel v Autec*<sup>59</sup>, that trade mark rights cannot be used to prohibit uses which do not affect the functions of the trade mark. The *Budweiser* judgment represents an application of this rule to the law concerning the registration of conflicting trade marks. Honest concurrent use of the marks was no more than a fact which led the CJEU to find that registration of the later mark should not be disturbed where (according to the referring court) the use of that mark had no adverse effect on the functions of the earlier mark.

134. In *Budweiser* the same trade mark had been used for many years by two parties so that the mark had come to distinguish the goods of both of them, and did not distinguish between them. The facts in this case are far removed from those in *Budweiser* or *IPC Media v. Media 10*. Firstly, the marks at issue on this occasion are by no means identical. Secondly, the period of concurrent use is comparatively short. The parties could not agree how short. This is because they took different positions on whether the matter should be assessed as at the date of the application to register the contested mark, or the date when it was entered in the register (as the applicant alternatively claims), or the date of the application for invalidation (as the proprietor claims).

135. I cannot see any merit in adopting the date that the later mark was entered in the register as the relevant date. This is an arbitrary date dictated by the length of administrative process of registration. The date of the application to register the contested mark is the most logical date. This is because it accords with the relevant date for the assessment of the likelihood of confusion. I am inclined to find that this is the relevant date for assessing whether use of the later mark would adversely affect the functions of the earlier mark. However, in *Budweiser* the court appears to have considered the position as at the date of the application for invalidation. Adopting the position that I favour would therefore appear to be put me at odds with the position adopted (or at least assumed) by the Court of Appeal in *Budweiser*. This is obviously something to be avoided, if possible.

136. The proprietor does not claim to have used the later mark in relation to services in class 43. Consequently, I cannot see how the defence based on honest concurrent use of the marks can assist the proprietor in respect of the services in class 43 caught by the applicant's s.5(2) ground for invalidation. Applying conventional criteria, I have found that use of the later mark in relation to the goods in classes 29-33, and banqueting services in class 43, will not have an adverse effect on the essential function of the earlier trade mark.

137. Therefore, it is not necessary for me to decide whether any adverse effect on the essential function of the earlier mark will be mitigated by the effects of honest concurrent use. In these circumstances, the question of the relevant date for

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<sup>59</sup> Case C-48/05

establishing a ‘no-effect-on-functions-of-earlier-mark’ defence in s.5(2) cases, based on honest concurrent use of similar marks, should be left until a case arises which requires that point to be determined.

138. This means there is also strictly no need for me to determine a further point of contention between the parties; namely, whether honesty for this purpose should be assessed using the same criteria as ‘honest practices in industrial and commercial matters’ as per s.11(2) of the Act. Ms Chantrielle submitted that this was an appropriate way of assessing the proprietor’s honesty. Therefore applying the approach of Arnold J. in *Samuel Smith Old Brewery v Philip Lee*<sup>60</sup>, the proprietor’s failure to conduct adequate trade mark searches should disentitle it to a defence based on honest concurrent use. I can deal with this point briefly. As explained above, honest concurrent use is not a self standing concept of EU law. Therefore, Directive based provisions of the Act, such as s.11(2), have no bearing on what counts as honest concurrent use. If that is right, honest concurrent use means the same thing when considered in the context of s.5(2) as it does in the context of s.5(4)(a) and s.7 of the Act. Even if I am wrong about this, the lack of adequate searching is only one of the many factors in Arnold J.’s list. He did not say that inadequate pre-searching necessarily meant that subsequent use of a conflicting mark could not be in accordance with honest practices. This is not surprising. In this case it would amount to finding dishonesty on the basis of inadequate trade mark searching skills. In short, I see no merit in this point.

## **Outcome**

139. The s.5(4)(a) ground for invalidation succeeded for all the services in class 43, but otherwise failed. The s.5(2)(b) ground succeeds to a slightly lesser extent than the s.5(4)(a) ground. Therefore, subject to appeal, the contested mark will be cancelled and declared invalid in class 43, but will remain registered in the other classes.

## **Costs**

140. At a case management conference (“CMC”) held on 6<sup>th</sup> November 2015 I gave the proprietor leave to file evidence from Mr Jones and Mr Thompson going to the issues described in paragraph 11 above. The proprietor could have applied to file this evidence at an earlier CMC held on 6<sup>th</sup> October 2015. The matters listed for discussion at the earlier CMC expressly included the filing of further evidence. No such application was made. A few days after the earlier CMC the proprietor’s solicitors made a written request for leave to file further evidence. Even then it was still not entirely clear what evidence the proprietor wanted to file. However, by the date of the later CMC the proprietor’s application to file further evidence had

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<sup>60</sup> [20111] EWHC 1879 (Ch) at paragraph 118(i)

crystallised into the one that I accepted. The later CMC would not have been necessary if the proprietor had given sufficient thought to the evidence it needed to file in time for the first CMC. It was unreasonable for the proprietor not to have done so. I therefore directed that the proprietor should bear the full cost of the later CMC.

141. The applicant submitted a breakdown of its costs for the later CMC. These amounted to £1110 in professional fees plus three hours of Mr Hurst's time<sup>61</sup>. I nominally value the cost of this to the applicant's business as £60. The proprietor did not dispute the reasonableness of the applicant's professional costs. The applicant is therefore entitled to its costs in the sum of £1170.

142. The applicant's substantive application has partly succeeded, but the proprietor has retained more of its registration than it lost. Consequently, the proprietor would normally be entitled to a contribution towards its costs. I have asked myself whether this should still be the case in the light of the belated adjustment of the proprietor's defence to focus to a greater extent on honest concurrent use. As it turns out, this has had little impact on the eventual outcome, but it increased the length of these proceedings and must have significantly increased the applicant's costs. Therefore, I have decided that each side should bear its own costs in relation to the substantive proceedings.

143. I order Nature Delivered Ltd to pay Elvendon Restaurants Ltd the sum of £1170 within 28 days of the date of this decision.

**Dated this 11<sup>th</sup> Day of February 2016**

**Allan James  
For the Registrar**

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<sup>61</sup> The applicant is not represented by solicitors or attorneys