

## **TRADE MARKS ACT 1994**

**IN THE MATTER OF Application No 2132945  
by Ind Coope (Oxford and West) Limited to register  
a trade mark in Class 42**

**AND IN THE MATTER OF Opposition thereto  
under No 47758 by Wayfarer Inns Limited and  
Mrs Judy Fry**

### **Background**

1. On 16 May 1997, Ind Coope (Oxford & West) Limited applied to register the mark WAYFARER LODGE in Class 42, in respect of:

Restaurant, hotel, motel, snack bar and public house services; catering services; room hire services.

2. On 6 November 1997, Wayfarer Inns Limited and Mrs Judy Fry filed opposition to the proposed registration. The main grounds of opposition are set out in paragraphs 1, 4 and 9 of the Statement of Grounds, which are as follows:-

“1. Of the joint Opponents, Wayfarer Inns Limited are the proprietors of the trade marks WAYFARER and WAYFARER INNS, for which application for registration has been made in Class 42, while Mrs Judy Fry is a long established member of the Wayfarer group of inns and like establishments and is licensed to use the WAYFARER AND WAYFARER INNS marks, and opposes registration as a representative member of that group.”

“4. The Service Marks WAYFARER and WAYFARER INNS have been used by the Opponents *inter alia* in relation to restaurant, hotel, café, snack bar, bar and public house services; catering services; room-hire services; services for the provision of food and drink; services for the provision of temporary accommodation; inn services; hotel reservation services; letting and quality control services for hotels and restaurants; services rendered in procuring lodgings, rooms and meals; services rendered by establishments engaged in procuring food or drink prepared for consumption; services of travel agents or brokers ensuring hotel accommodation for travellers; services rendered by an association to member hotels, inns and restaurants since 1992 and by licensed member hotels and inns with the permission of the first Opponents. Prior to 1992 the marks were used in a similar fashion by the first Opponents' predecessors in business, Consort Hotels Limited. This use in relation to a group of members subject to quality control by the proprietors, a use for these marks devised by Consort Hotels Ltd, predecessors in this business to Wayfarer Inns Ltd, has been widely known throughout the hotel industry and abroad.”

“9. Registration should be refused having regard to Section 5(4) of the Act since use of the mark

of the application in relation to the services for which registration is sought is liable to be prevented by rule of law, in particular, the law of passing off having regard to the use made by the Opponents of the WAYFARER and WAYFARER INNS marks, and the resulting reputation.”

3. In addition, the opponents claim to be the proprietor of a "well known mark" which qualifies as an "earlier trade mark" on the basis of Section 6(1)(c) of the Trade Marks Act 1994. On this basis the opponents claim that the applicant's mark is excluded from registration by Sections 5(1), 5(2) and/or 5(3) of the Act. Further, given that the opponents' mark was well known in the UK at the date of the application (the relevant date), the opponents say that the application for registration cannot have been made in good faith, contrary to Section 3(6) of the Act.

4. The opponents raise further grounds of objection based upon Sections 3(3)(b) and 3(4) of the Act, and ask for the application to be refused in the exercise of the Registrar's discretion. However, the Registrar has no discretion to refuse an application that meets the requirements for registration. The objections under Section 3 are misconceived because they relate to the opponents' claim to be the proprietors of an earlier trade mark or right. These are "relative" grounds for refusal which the opponent has (properly) raised under Section 5 of the Act. The "absolute" grounds for refusal in Section 3 of the Act are deficiencies arising from the nature of the mark itself. The objections under Section 3 cannot, therefore be entertained.

5. The applicant filed a counterstatement denying the grounds of opposition. The applicant further asserts that:-

- a) It is the proprietor of trade mark registration No. 2106649 in Class 42 for the mark WAYFARER INNS, and
- b) It has been, since 1982, using the word WAYFARER as a trade mark for the services specified in the application. Accordingly, it has a prior right to the opponent.

6. Both sides seek an award of costs.

### **The Opponents' Evidence**

7. Mr Peter Dorrien Fuller is the Managing Director of Wayfarer Inns Limited. He gives evidence about the origins of the opponents' business. This is set out in paragraphs 4, 5, 6, 8 and 9 of Mr Fuller's Statutory Declaration of 27 April 1998, which are re-produced below:-

- "4. Wayfarer Inns became an established business as a division of Consort Hotels Limited in 1988. Consort Hotels Limited was a consortium of hotels in Great Britain with its principal offices in York. Consort had a central organization which provided centralised booking, marketing and other group services, including bulk purchasing of goods and the like. Consort did not own the hotels within the group, but larger individually owned hotels would join the group, paying an annual fee for the services provided. The hotels had representation within the management of Consort Hotels Limited.
5. In 1988, Consort established a similar operation for smaller traditional inns and hotels. They used the trading style or title of Wayfarer Inns. The Wayfarer Inns division provided similar services to that provided to Consort Hotels but at a lower fee than that charged to the hotels.

6. The Wayfarer Inns division proved to be a successful business venture and by 1992, there was some 60 inns taking part in the scheme. However, the success of the scheme brought the Wayfarer Inns division into conflict with the hotels within the Consort hotels operations. Some of the inns were directly competing with the hotels and there was concern that the members of Wayfarer Inns were receiving the same services at a much lower cost. As a result, Consort Hotels made a decision to divest itself of the Wayfarer Inns division."
- "8 Therefore in August 1992, Wayfarer Inns Limited was incorporated and it took over, by agreement, the marketing of the Wayfarer Inns concept. A new logo was established, but the same name was used and Wayfarer Inns Limited began to fulfil the existing contractual arrangements.
9. As I have said, Wayfarer Inns Limited was formed for this purpose. There are two types of shares. The 'A Shares' are held by Ashley Courtenay Limited and provide for voting control. However the 'B Shares' were issued to individual inns which joined the scheme at the outset, to give them some involvement and input into the way in which the scheme is run. The shares also entitle those shareholders, for example, to see the accounts of Wayfarer Inns Limited."

8. Mr Fuller goes on to explain that Wayfarer Inns Limited has provided the following services to inns which take part in the scheme:-

- a) Publication of an annual directory of Inns - 50K copies were published in 1998.
- b) Operating of a "Wayfarers Club" providing members with discounts at Wayfarer Inns - in 1998 there were 13K members.
- c) Corporate and overseas marketing of "Wayfarer Inns.
- d) Operation of a bulk purchasing scheme for participating inns to purchase hotel commodities at lower prices.

9. Mr Fuller further states that:-

"Each individual inn pays an annual fee to participate. However, in order to participate each inn must meet various minimum standards which we have imposed to ensure that each inn within the scheme fulfils our criteria. Thus, before an inn is accepted into the scheme, it is inspected to check the quality of the accommodation, foods, service and other features which are important to visitors. In addition each inn is inspected annually, usually on an unheralded or unannounced basis. If an inn does not meet the standards, then it is not accepted into the scheme. If, when in the scheme, an inn fails to keep up appropriate standard then its annual membership is not renewed. The brand name "Wayfarer Inns" belongs to Wayfarer Inns Limited and each participating inn acknowledges that fact.

In the present scheme for 1998 there are 71 inns. We anticipate that this figure will increase year by year."

10. Mr Fuller also comments on the likely effect of the applicant's use of the mark WAYFARER LODGE.

He says:-

"I have become aware of the possibility that the Defendants in this Action are intending to set up hotel 'lodges', using the brand name "Wayfarer" either alone or as "Wayfarer Inns" or "Wayfarer Lodges". My attention was first drawn to this possibility by a participating member of the Wayfarer Inns scheme who notes that there was an article concerning the same in the Licensee and Morning Advertiser Newspaper for Monday 6<sup>th</sup> October 1997. A true copy of that advertisement is now produced to me and marked "PDF1".

As can be seen from the article, Allied Domecq Leisure (who would appear on behalf of Ind Coope (Oxford and West Limited) is going to establish 40 bedroomed lodges next to existing operations of Allied Domecq, namely Big Steak or Wacky Warehouse Pubs.

In my view, these types of hotels, whilst worthy in their way, are the complete antithesis of the operation run by Wayfarer Inns Limited. I am concerned that if the Defendants are allowed to continue their operation, they will do considerable damage to the business and reputation of Wayfarer Inns Limited."

11. The opponents' evidence also includes a Statutory Declaration dated 27 April 1998 by Diane Shillingford. She describes her role like this:-

"I have been engaged in the work of general manager of Wayfarer Inns Limited since August 1993. I am employed by Ashley Courtenay Limited but a great majority of my time is engaged on the matters of Wayfarer Inns Limited. Ashley Courtenay Limited charges a management charge to Wayfarer Inns Limited for various services, including the provision of my time.

My primary function is to deal with the inns and hotels which join the Wayfarer scheme and to arrange for the various promotions and marketing exercises which are an important part of the scheme. Some marketing and promotional work is done in conjunction with Ashley Courtenay Limited."

12. Ms Shillingford describes the function of Wayfarer Inns Limited in similar terms to Mr Fuller. Additionally, she says that Wayfarer Inns provide a central reservations service.

13. Ms Shillingford provides further information about Wayfarer Inns Limited's methods of quality control. She says:-

"Once I have selected potential inns by means of their existing grading, location, description, features etc, I send a package to the inn inviting them to join the scheme. If they indicate that they wish to join, then an inspection is arranged. I undertake almost all inspections of inns joining the scheme for the first time. My inspection is particularly concerned to ensure that the inns meet not only the measurable standards which we apply, but also seem appropriate to fit in the Wayfarer style. Therefore my inspection looks at cleanliness, food preparation, food hygiene, condition of the public rooms in the hotel, quality of bedrooms and matters of that sort. It also looks at how the inn is run and particularly the attitude of staff towards guests and matters of that sort"

and

"We also have inns which approach us. They usually have obtained our details from the British Tourist Authority or the English Tourist Board, or from trade directories or they have seen articles about us in magazines such as the Hotel and Caterer. We are well known in the trade and therefore we do receive a number of approaches from inns.

Whether we approach the inn first or the approach comes from the inn, the same selection process is used and we have on occasion rejected inns who have approached us.

Once an inn is accepted into the scheme, it is inspected on an annual basis. Usually these inspections are unheralded so that we obtain a true picture of the inn. If an inn or hotel fails to meet our standards, then we will not accept that inn into the next years scheme. We have had on occasions to take this course of action with small hotels or inns which have dropped their standards."

14. Ms Shillingford also provides further information about the "Wayfarers Club". She says that there were 14K members in 1998, of which she estimates that 10K had used Wayfarer Inns over the previous three to four years.

15. Exhibit DS3 to Ms Shillingford's declaration consists of copies of eight letters sent to Wayfarer Inns Limited by corporate customers between 18 May 1994 and 18 August 1997. All bar the last mentioned are dated before the relevant date. All eight letters are requests for 10% discount cards. Four of these letters refer to the writer, or persons within their knowledge, having stayed at Wayfarer Inns. The most helpful letters, from the opponents' perspective, are the letters from Monique J M Hemsley of Autoframe Limited (dated 20 July 1995) and Kathryn J Walters of Clifford Chance, Solicitors (dated 6 June 1994).

16. Ms Hemsley's letter includes the following:-

"A colleague has recommended your Club to us, herself and her husband being members, finding the Wayfarer Inns a better option to Hotels, the atmosphere being welcoming and relaxing after a day on the road."

17. Ms Walter's letter starts:-

"Having now had the pleasure of staying at three Wayfarer Inns since the beginning of the year I should be grateful if you would enrol me as a member of the Wayfarer Club so that in future I may take advantage of the benefits that this accords."

18. Exhibit DS4 to Ms Shillingford's declaration consists of copies of sixteen further letters addressed to Wayfarer Inns, or Wayfarer Inn Limited, from corporate customers or potential corporate customers. Ten of these letters request, or make reference to, the Wayfarer Inns Guide. Thirteen of the letters make reference to the Discount Club. All bar two of the letters are before the relevant date. A handwritten letter dated 13 June 1995, records that a Mrs Ros Brown saw a Wayfarer Inns Guide whilst staying at the Houblan Arms, near Grantham. She subsequently applied for the 10% discount card mentioned in the Guide. A letter dated 18 April 1995 from a Mr David W Wallace also records his sight of the "1995 Wayfarer Inns Directory". He also applied for the 10% discount card mentioned in the Directory.

19. Exhibits DS5 and DS6 to Ms Shillingham's declaration consists of copies of sixty further letters, faxes and postcards from individuals. All of these are dated before the relevant date, the earliest being dated

October 1993. There are copies of a few more letters dated after the relevant date. The vast majority of these letters seek the 10% discount card that is the basis of the "Wayfarers Club". Sixteen of the letters make reference to having seen, or wishing to see, the Wayfarers Inns Directory or brochure. Fifteen of the writers refer to having stayed at an Inn, although not all of them describe it expressly as a "Wayfarer Inn".

20. A copy of a letter dated 19 June 1996 from a Robin Catford is typical. It is addressed to "Wayfarer Inns Ltd" and expresses thanks for having being sent a copy of the 1996/7 Directory. Mr Catford goes on to ask for a discount card. A number of letters are more specific. For example a letter dated 14 April 1997 from a Mr & Mrs Topley states:-

"Kindly forward your 10% discount card for use in Wayfarer Inns.

My wife and I have stopped in several of your establishments over the past 2/3 years and found them to be excellent value."

21. An earlier letter dated 11 June 1996 from a S G Williams includes:-

"We frequently visit The Chequers Inn at Fladbury and find it of the highest quality. This summer, on this basis, we are going to plan our holidays around the Wayfarer Inns."

22. Another letter, dated 26 May 1995, from a Mrs E J Allan includes:-

"I stay at a Wayfarer Inn whenever the opportunity arises - most recently, at the Bay Horse Inn, Burnt Yates, on my return from Scotland - and always find them comfortable and friendly, as well as good value for money. We hope to go to Norfolk later in the year and look forward to staying at either Gissing Hall, near Diss, or Green Farm Hotel, North Walsham."

23. A copy of a letter dated 23 April 1995 from a M E Foster, includes a photocopy of a returned expired membership card. It carries a logo incorporating the words "Wayfarer Inns", beneath which are the words "Wayfarer Inns Club Member" and "10% discount card". A list of thirty-one UK towns and telephone numbers appears opposite. These are obviously contact numbers for "Wayfarer Inns".

24. I also note that one of the letters in exhibit DS6, from a John M Corner MA dated 20 January 1997, is addressed to "Central Reservations, Wayfarer Inns Limited", thus providing some support for Ms Shillingford's claim that Wayfarer Inns provided a central reservations service for Wayfarer Inns at the relevant date.

25. The opponent also filed a Statutory Declaration dated 24 August 1998 by Danny Lee Funai, who has operated the St Margaret's Hotel at Southsea since 1992. He says that his hotel joined Wayfarer Inns about three years previously. Mr Funai says that the name Wayfarer Inns is used wherever possible, in particular on a sign at the front door of the premises and on marketing material. Mr Funai observes that it is his practice to suggest another Wayfarer Inn if customers are moving on to another location. He also says that some customers of his have booked through Wayfarer Inn Central Reservations Service.

### **The Applicant's Evidence**

26. The applicant filed a Statutory Declaration dated 26 February 1999 by Terence Raymond Elliott. Mr

Elliott explains how, towards the end of 1997, he went on holiday to Cornwall and stayed in a hotel that he believed to be part of the Wayfarer Inns Group; the Wellington Hotel in Boscastle. Mr Elliott says he found no reference to Wayfarer Inns whilst staying at the hotel and was unable to obtain any information about Wayfarer Inns.

27. The applicant's evidence also includes a Statutory Declaration dated 3 March 1999 by Joan Margaret Smith, who is a Director of King's Investigation Bureau. She explains how she was instructed to investigate the opponents' use of the name "Wayfarer". Ms Smith exhibits three reports produced as a result of her visits in November/December 1997, to hotels said to be part of the Wayfarer group.

28. The reports show that:-

- a) Three of the hotels visited were closed. One of these had a Wayfarer Inns sign outside.
- b) One hotel had left the group. A further hotel had a "Best Western" sign displayed, probably indicating that it too had left the group.
- c) Of the remaining eleven hotels visited, eight had the name "Wayfarer Inns" on public display in one form or another.
- d) Only three had (small) signs outside the premises. A further four had signs in the reception area or at the bar. Six of the eleven included the sign on some form of internal promotional material, such as menus or brochures. Two of the eleven had information about other Wayfarer Inns. One hotel included questions on its registration cards about how the guest had learnt of the Inn. One of the possible answers suggested was through Wayfarer Inns.

29. Ms Smith says that at one of the hotels (which did have a Wayfarer Inns sign on display) she was told that it and about twenty other Wayfarer Inns, had left the group to become "Inns of Tradition".

30. The applicant also filed a Statutory Declaration dated 2 March 1999 by Martyn Grealey, the Managing Director of Allied Domecq Restaurants and Bars, a division of Allied Domecq Retailing Ltd. This appears to be the new name for Ind Coope (Oxford & West) Limited. Mr Grealey says that the applicant opened a hotel near Milton Keynes in August 1985 under the name 'The Wayfarer Hotel'. He says that the hotel has traded continuously under this name ever since, and he provides turnover figures for 1994-1997. He further says that the applicant opened a further hotel in Bedford. He does not say when, but he provides turnover figures for 1994-1997. He says "Our hotels are clearly signed as Wayfarer Hotels". He contrasts this with the opponents' Inns.

### **The Hearing**

31. The matter came to be heard on 31 January 2001, when the applicant was represented by Mr M Hickey of Castles, Trade Mark Attorneys. The opponents were not present or represented.

### **The Decision**

32. For a mark to qualify for protection as an "earlier trade mark" under Section 6(1)(c) of the Act as a well known trade mark, it is likely to have to be shown to be known to more than 'a significant proportion of

the relevant public', which is the threshold for a mark with a reputation. See the opinion of the Advocate General in *General Motors v Yplon S.A.* 1999 ETMR page 122.

33. Further, by virtue of Section 56(1) of the Act, the mark must also be shown to be the mark of a person who is a national of, or is domiciled in, or had a real and effective industrial or commercial establishment in, a Convention country. Section 55(1)(b) excludes the UK from the meaning of 'Convention country' for the purposes of the Act. The opponents have not shown that they are nationals etc. of any other Convention country. The claim for protection under Section 6(1)(c) does not, therefore, get off the ground. Further, the evidence of reputation is plainly insufficient to establish that the mark was "well known" in the UK at the relevant date. The grounds of opposition under Sections 5(1), 5(2) and 5(3) therefore fail.

34. There is insufficient evidence to make out an arguable case of bad faith on the part of the applicant. The Section 3(6) objection is, therefore, also dismissed.

35. This leaves the ground of opposition based upon Section 5(4)(a) of the Act, which is as follows:-

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..

36. The opponents seek to rely on common law rights under the name *Wayfarer Inns*. Mr Hickey submitted that I should apply the test outlined in *Halsbury's Laws of England* (4<sup>th</sup> Edition) as adopted by Mr G Hobbs QC. in *Wild Child* 1998 RPC at 460. The relevant passages are re-produced below:

"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 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."

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business

are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."

37. It is now well established that the question of whether the applicant's use could have been prevented by the earlier right must be determined as at the relevant date, 16 May 1997. The onus is on the opponents to establish that, on the balance of probabilities, they would have succeeded in a passing off action brought at that date.

38. Mr Hickey accepted that the applicant's earlier registration of the mark 'Wayfarer Inns' under No 2106649 as of 1 August 1996 provided no defence to the opposition under Section 5(4)(a) of the Act. This is because Section 2(2) of the Act provides that "...nothing in this Act affects the law relating to passing off."

39. Having regard to the criteria set out above, the evidence, and Mr Hickey's submissions at the hearing, I believe that I need to address the following questions:-

- a) Were the opponents the owners of a goodwill at the relevant date in a business identified by the name "Wayfarer Inns?"
- b) If they were, did that business comprise a hotel booking service, or did it extend to the provision of hotel services and the like?
- c) In either event, was the name "Wayfarer Inns" known to a sufficient proportion of the public for the applicant's use of Wayfarer Lodge" to constitute a misrepresentation?

- d) If the applicant's use of Wayfarer Lodge would have constituted a misrepresentation, is it likely that the opponents would have suffered damage to their goodwill?
- e) If there is a prima facie case that, at the relevant date, use by the applicant of 'Wayfarer Lodge' would have constituted passing off, would the applicant's earlier use of 'The Wayfarer Hotel' have provided a defence to any claim for passing off?
- f) If such a defence would have depended upon the geographical area of use of the applicant's mark, should the registration be refused unless limited accordingly?

I will consider these questions in turn.

Were the opponents the owners of a goodwill in a business identified by the name 'Wayfarer Inns'?

40. I believe that the answer to this question is reasonably clear. One of the opponents, Wayfarer Inns Limited, was the owner of the goodwill under the name Wayfarer Inns. Mr Hickey criticised the absence from the opponents' evidence of the usual sales and advertising figures. However, I think it is clear from the copies of numerous letters in evidence, some of which I have quoted from above, that a goodwill had been generated by the relevant date. There is no suggestion that the copies in question are fabrications. The fact that so many of the letters are addressed to Wayfarer Inns or Wayfarer Inns Limited is a pointer as to the owner of the goodwill.

41. Mr Hickey suggested that any goodwill under the name 'Wayfarer Inns' could have accrued to the individual inns in the consortia rather than Wayfarer Inns Limited. As it is not (yet) a requirement for an opponent to be the proprietor of the earlier right relied upon, I am not sure that this point, even if correct, necessarily assists the applicant. Further, I believe that it is clear on the evidence that the goodwill under the name 'Wayfarer Inns' did not accrue to the individual inns in the consortia. Their use of the mark clearly served to signal their membership of the group rather than their individual hotel businesses. The correctness of this analysis can easily be tested by considering the consequences of an inn continuing to represent itself as a 'Wayfarer Inn' after having left the consortia, perhaps because of failing a quality inspection. The answer to that question is clear. Continued use of the name 'Wayfarer Inn' in those circumstances would clearly be passing off. See Artistic Upholstery v Art Forma 2000 FSR 324, which deals with an analogous situation involving continued use of the name of an unincorporated body by one of its ex-members.

Did the business comprise a hotel booking service or did it extend to the provision of hotel services and the like?

42. The unchallenged evidence of Mr Fuller and Ms Shillingford is that Wayfarer Inns took steps to control the quality of the services provided under the Wayfarer Inns sign. Ms Shillingford attests to carrying out many of the inspections herself.

43. There are also a number of letters in evidence from customers of Wayfarer Inns expressing approval of the quality of the hotel services experienced at Inns within the consortia, and even a few letters indicating that the writer intended to make further use of other Wayfarer Inns as a result. This is consistent with the evidence of Danny Lee Funai of the St Margaret's Hotel in Southsea. Mr Funai represents his own establishment as a Wayfarer Inn. To the customers that came to him through Wayfarer Inns, he is providing hotel services on their behalf.

44. The applicant's own evidence does little to disturb this conclusion. The evidence given by Ms Smith as a result of her investigation into the opponents' use of Wayfarer Inns shows that a majority of those establishments who had not clearly left the consortia by late 1997 were identifying themselves in one form or another as a Wayfarer Inn.

45. The presence of a 'central reservations service' and the allocation of non-voting shares in Wayfarer Inns Limited to members of the consortia are further indications that the business of Wayfarer Inns Limited went further than that of an accommodation bureau simply booking hotel services on behalf of clients.

46. I am satisfied that, on the evidence, Wayfarer Inns Limited can claim to have been providing a hotel service under the name 'Wayfarer Inns' at the relevant date.

47. Even if this is wrong, Wayfarer Inns Limited can claim to have been marketing a hotel consortia with associated quality controls and booking service at the relevant date, which is in the same field of activity as the provision of hotel services per se.

Was the name 'Wayfarer Inns' known at the relevant date to a sufficient proportion of the public for the applicant's use of 'Wayfarer Lodge' to constitute a misrepresentation?

48. Mr Hickey's criticisms about the absence of turnover and advertising expenditure figures bite most strongly under this heading. However, although it is usual for goodwill and reputation to be established in this way, it is not the only way of doing so.

49. The opponents have given evidence as to the origins and scope of the business operated under the name 'Wayfarer Inns'. Leaving aside any earlier use by Consort Hotels, it is clear that a business existed under the name Wayfarer Inns from 1992 to 1998. Ms Shillingford's declaration exhibits eighty one letters and faxes from customers, or potential customers, dated before the relevant date. Taken together, I believe the evidence is sufficient to demonstrate that the business was known to a substantial number of persons by the relevant date. In some ways the copies of letters from customers in evidence tell me more than details of advertisements in publications. In assessing the significance of such advertisements one has to draw an inference that the public will have noticed the advert. In this case there is evidence that the opponents' promotional efforts succeeded to some extent. And, of course, for every one person that writes there will be a number of others who will be aware of the same facts but will not get around to writing.

50. The opponents' evidence includes Ms Shillingford's claim that 10K of the 13K members of the Wayfarer Club had used their cards in the past three to four years at a Wayfarer Inn. This is somewhat vague, but is unchallenged. On its own it may not be worth a great deal, but supported by the examples of letters from customers, I believe I can attach some weight to this evidence.

51. There is also Danny Lee Funai's evidence that, at least in his case, the name 'Wayfarer Inn' is used prominently in his establishment. Mr Elliott and Ms Smith's evidence on behalf of the applicant is intended to undermine this claim. It only partly succeeds. Firstly, both give evidence which relates to a period after the relevant date. It is clear from Ms Smith's evidence that things had moved on by then. Even so, eight of the eleven establishments she visited, and which do not obviously appear to have left the consortia by the time of her visit, still had signs or material on public display which identified the establishment as a 'Wayfarer Inn'.

52. The applicant points out that each such inn operates under another prominent name such as 'The Chequers Inn'. This is so, but it does not necessarily mean that a goodwill cannot subsist in secondary signs of identification. For example, restaurants operated under the well known 'Beefeater' trade mark all have individual names, which are displayed prominently at each establishment. That does not mean that there is no goodwill under the name 'Beefeater'. Plainly there is. It is therefore a matter of fact as to whether alternative or secondary signs of identification have become distinctive. That depends, in part, on the prominence and significance of the secondary sign.

53. The evidence suggests that (at least by late 1997) there was quite a mixed practice at Wayfarer Inns. Some inns carried signs at the entrance, others had a less prominent 'Wayfarer Inn' sign on brochures or, in one case, over the public bar. As I have already noted, Ms Smith's investigation was some time after the relevant date. Further, although I accept what she says as truthful, her report appears to strain a little to give the applicant the answer it seeks. For example, she says that she visited the Traquair Arms Hotel in Peebleshire and found:-

"On the wall of the entrance porch is a brass sign stating that the hotel is part of the Wayfarer Inns Consortium of Hotels."

To which she adds:-

"This sign is visible from the road *but by nature of its colour against the golden stone does not stand out*" (emphasis added).

54. This appears to me to be a rather obvious attempt to downplay the prominence given to the Wayfarer Inn sign at this establishment. I believe that the most that can be said of the evidence is that there appears to have been a mixed practice at Wayfarer Inns in 1997. Some establishments appear to have given the Wayfarer Inns name prominence, others less so.

55. The principal tool used to promote the Wayfarer Inns appears to have been the document variously described as the directory, guide or brochure. It is extraordinary that, although both Ms Shillingford and Mr Fuller refer to it, neither of them exhibits a copy from before the relevant date or at all. There is not much doubt it existed prior to the relevant date. A significant number of the letters addressed to Wayfarer Inns by its customers make express reference to having seen the document.

56. Taking the evidence as a whole, I believe that it is sufficient to establish a goodwill under the name Wayfarer Inns by the relevant date. Was it enough to found a passing off action? The requirement that the claimant's mark must be distinctive to a section of the relevant market, is considered in Christopher Wadlow's 'The Law of Passing Off'. He states, at page 362:-

"It is impossible to give an *a priori* definition of what number or proportion of the market counts as substantial. The standard varies from case to case, but two contrasting situations may be distinguished. If the mark is arbitrary, then provided it means something to a proportion of the public which is not trivial then it probably does not matter that to the majority it conveys nothing at all. Arbitrary marks have been protected despite user being on such a small scale that they can have been distinctive to very few. On the other hand, if the mark is *prima facie* ill-adapted to distinguish the plaintiff's goods, for instance because it is descriptive, distinctive of a third party in another field, or very simple, then a much larger proportion are required to use or recognise it in a trade mark

sense. Relief has been refused although a mark which was descriptive in its origins had almost certainly become distinctive to the majority of purchasers."

57. Mr Hickey did not dissent from my suggestion that 'Wayfarer Inns' should be considered to be an arbitrary mark for the services at issue. On this basis I believe that, although the evidence could be better, it is sufficient to establish that the mark 'Wayfarer Inns' was distinctive to a substantial number of persons at the relevant date, sufficient to support a passing off action.

58. If that is so I believe that use at the relevant date of 'Wayfarer Lodge' by the applicant in respect of hotel and related services was likely to result in a substantial number of Wayfarer Inns Limited's customers believing that there was an economic connection between the parties. The dominant element in both names is the word 'Wayfarer'. The words 'Inns' and 'Lodges' are interchangeable as descriptions of less formal hotels or motels. Because of this:-

a) there is a very high risk of confusion through imperfect recollection, and

b) even those aware of the difference between the signs are likely to suppose an economic connection i.e. that the organisations are members of the same group.

59. Further, even if, contrary to my earlier finding, Wayfarer Inns Limited's business is limited to the operation of a consortia of independent hotels, I believe that the similarity of the marks and services is such as to give rise to a likelihood that a substantial number of persons would have believed the applicant's hotels to be members of, or to have an economic connection with, Wayfarer Inns Limited.

Is it likely that the opponents would have suffered damage as a result of any such misrepresentation?

60. The answer to this must be 'yes'. In this case there is an obvious head of damage as a result of diversion of trade. In my judgement, there is ample ground for concluding that the applicant's use of 'Wayfarer Lodge' at the relevant date would have resulted in damage to the goodwill of Wayfarer Inns Limited.

Would the applicant's earlier use of 'The Wayfarer Hotel' name provide the applicant with a defence to a passing off action at the relevant date?

61. The applicant has provided evidence, which I accept, that it has operated a hotel near Milton Keynes since 1985 called 'The Wayfarer Hotel'. This pre-dates any use by the opponents whether or not any use of 'Wayfarer Inns' by Consort Hotels is taken into account.

62. It is, of course, possible for two parties to acquire concurrent rights which result in the use of confusingly similar marks without misrepresentation by either party. As Oliver LJ said in Habib Bank Ltd v Habib Bank AG Zurich 1982 RPC at 24:

"Where you find that two traders have been concurrently using in the United Kingdom the same or similar names for their goods or businesses, you may well find a factual situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business."

63. However, according to Halsbury's Laws of England (fourth edition, page 132 at paragraph 200), "A

concurrent right of use does not, however, justify the use, whether intentionally or not, of a name or mark with attributes which increase the risk of confusion." This conclusion appears to be based upon the findings of the House of Lords in Marengo v Daily Sketch and Sunday Graphic Ltd 65 RPC (1948) 242.

64. The applicant in this case has used the mark 'The Wayfarer Hotel' but wishes to register the mark 'Wayfarer Lodge'. The words 'Inn', 'Lodge' and 'Hotel' are, of course, all descriptions of hotel and motel services. The words 'Inn' and 'Lodge' are, as I have already observed, interchangeable for less formal hotels and for motels. For this reason I believe that 'Wayfarer Inn' and 'Wayfarer Lodge' are even more similar than 'Wayfarer Inn' and 'Wayfarer Hotel.' By adopting the mark 'Wayfarer Lodge' the applicant has therefore increased the likelihood of confusion with the business operated under the name 'Wayfarer Inns'.

65. Further, the business operated by the applicant under the name 'The Wayfarer Hotel' has been localised. As well as the hotel near Milton Keynes, the applicant claims to operate a second hotel under that name in Bedford. The evidence about this is vague. There is no evidence of any advertising for either hotel. The likelihood of confusion between these businesses and the opponents' Wayfarer Inns is plainly of a different scale to that which would result from the proposed use of 'Wayfarer Lodge' on a national scale. The trade mark application is clearly intended to reflect an expansion of trade into a different sub-sector of the hotel (or motel) market under a variant trade mark. The result of this is likely to be that the parties come further into the same market and under (even) more similar marks. I do not believe that the applicant's antecedent and concurrent rights to 'The Wayfarer Hotel' would, in these circumstances, have prevented the opponents from succeeding in an action for passing off brought at the relevant date. The ground of opposition under Section 5(4)(a) of the Act therefore succeeds.

Can the applicant escape the above conclusion by geographically limiting its right under Section 13 of the Act to the areas of Milton Keynes and Bedford?

66. Mr Hickey submitted that the application should at least be able to proceed with a voluntary limitation of infringement rights under Section 13. If the applicant had applied for the mark 'The Wayfarer Hotel', I believe that such a voluntary limitation would have overcome the opponents' case under Section 5(4)(a). Indeed even without such a registration, the applicant retains certain rights under Section 11(3) of the Act. However, I see no reason to alter my conclusions under Section 5(4)(a) in circumstances where the mark applied for is not the mark used by the applicant but a variant mark which is (albeit only marginally) more similar to the opponents' mark.

67. Subject to a successful appeal, the application will therefore be refused in full.

## **Costs**

68. The opposition having succeeded, the opponents' are entitled to a contribution towards their costs. The opponents were not represented at the hearing so cannot have incurred any costs for that. They are entitled to the cost of bringing the opposition, filing their evidence, and of considering the applicant's evidence. I order the applicant to pay each opponent the sum of £350 as a contribution towards their costs. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 22 Day of February 2001**

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