

O-093-10

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2478997

BY

ASIA FIVE EIGHT LLC

TO REGISTER THE TRADE MARK:

TAO ASIAN BISTRO

IN CLASSES 41 AND 43

AND

THE OPPOSITION THERETO

UNDER NO 97463

BY

HING KWONG YAM

Trade Marks Act 1994

**In the matter of application no 2478997
by Asia Five Eight LLC
to register the trade mark:
TAO ASIAN BISTRO
in classes 41 and 43
and the opposition thereto
under no 97463
by Hing Kwong Yam**

1) On 18 January 2008 Asia Five Eight LLC (Asia) filed an application to register the trade mark **TAO ASIAN BISTRO**. The application was published on 4 April 2008 with the following specification:

nightclub services;

preparation of food and drink; catering services; restaurant services; café and cafeteria services; snack-bar services; fast-food restaurant services; take-away services; bar services; wine bar services; cocktail bar services.

The above services are in classes 41 and 43 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 27 June 2008 Hing Kwong Yam filed a notice of opposition to the registration of the trade mark. He relies on sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (the Act). In relation to sections 5(2)(b) and 5(3) of the Act Mr Yam relies on the United Kingdom registration (under no 1575625) of the trade mark:



The application for the registration of the above trade mark was made on 16 June 1994 and the registration process was completed on 16 June 1995. The

trade mark is registered for the following services in class 43 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended:

restaurant services; but not including any such services relating to alcoholic beverages.

The details of the registration advise that the “transliteration of the Chinese characters appearing in the mark is “Tao””.

3) The registration is subject to the proof of use provisionsⁱ. Mr Yam claims that the trade mark has been used for all of the services for which it is registered.

4) Section 5(2)(b) of the Act states:

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

Mr Yam claims that the respective trade marks are extremely close, taking into account the non-distinctive character of the words ASIAN BISTRO. He claims that the respective class 43 services are clearly identical or similar. Mr Yam claims that the class 41 services of the application are similar to the services of his registration as it is usual for nightclubs to provide food and drink and that a person knowing of his TAO restaurant would assume a connection with a nightclub with a similar name.

5) Section 5(3) of the Act states:

“(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

The basis of Mr Yam’s claim under section 5(3) of the Act is as follows:

“The opponent’s mark has a reputation in the UK and so, if consumers associate the opponent’s mark and the applicant’s mark (as we say they will, because of the high degree of similarity between the marks), the applicants will acquire an unfair advantage when they commence use of their mark in the UK. The opponent’s restaurant provides high quality Chinese food and in the event the applicant’s restaurant does not adhere to the same standards, the distinctive character and reputation of the opponent’s mark will suffer, as a result of association with the applicant’s mark.”

Mr Yam claims that the above grounds apply to all of the services of the application and that his registration has a reputation for all of the services for which it is registered.

6) Section 5(4)(a) of the Act states:

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

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

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

The earlier signs upon which Mr Yam relies are TAO and the trade mark the subject of his registration. He claims that both signs were first used in 1994 in Buckinghamshire in relation to restaurant services. He claims that he has traded consistently and continuously since 1994 and has enjoyed considerable success as a result of his trading. He claims that he has thereby acquired a substantial goodwill in the signs. Mr Yam claims that as the signs that he uses and the trade mark of Asia are so similar and because there is a common field of activity, the use of Asia's trade mark will create a misrepresentation that Asia's and his services have a common economic link, or are provided by the same entity, thereby causing damage to him.

7) Asia filed a counterstatement. It denies the grounds of opposition. It denies that the respective services are similar. It denies that the respective trade marks are extremely close. It denies that the words ASIAN BISTRO are non-distinctive. It denies that Mr Yam has a reputation for the purposes of section 5(3) of the Act. Asia denies that Mr Yam has traded under the sign TAO since 1994 in relation to restaurant services in Buckinghamshire.

8) A hearing was held on 17 February 2010. Asia was represented by Ms Katherine Cameron of RGC Jenkins & Co. Mr Yam was represented by Ms Lynn Harris of Scott & York.

Evidence

9) Part of the evidence of Mr Yam consists of parts of licence agreements. Subsequent to the hearing Ms Harris wrote to me to ask if I wished to see the complete licences. In the event that something might turn upon the parts of the licences that had not been exhibited, I invoked rule 62(1)(a) of The Trade Marks Rules 2008, to bring the complete licences into the proceedings. I will refer to the complete licences in the body of the decision as appropriate. Asia was allowed one month from the date of the sending of the licences to its representative to make submissions in relation to them. It has availed itself of this opportunity.

Evidence of Hing Kwong Yam

10) Mr Yam furnished two witness statements. I refer to part of his evidence in relation to the evidence of Asia as it is more pertinent to consider it in this context.

11) Mr Yam is the owner of the earlier trade mark. He describes himself as the proprietor of a restaurant business which trades under the name TAO. Mr Yam states that he is the director of a number of United Kingdom companies which have traded under the trade mark TAO. He states that at all times he has licensed his trade mark registration to these companies. The chronology of this licensing is as follows:

March 1994 – September 1998
October 1998 – November 2003
November 2003 – present

Circle of Friends Ltd
Circle of Tao Ltd
Tao Restaurant Ltd

12) A copy of the management licence between Mr Yam and Circle of Friends Ltd has been adduced into the proceedings. The licence relates to the business of a licensed restaurant under the “name or style” of TAO. It is dated 6 March 1994. It licenses, inter alia, the name “or style” of TAO and the intellectual property of Mr Yam. The business is described as being a licensed Chinese restaurant with premises at 5 London End, Beaconsfield, Bucks, HP9 2HN. The licence has an expiry date of 5 March 1997, subject to early termination or extension. In the same exhibit there is a copy of part of the management licence between Mr Yam and Circle of Tao Ltd. The terms of the licence are the same as for the previous licence. The licence is dated 23 October 1997 and is to run for three years subject to early termination or extension. A copy of a third management licence is included in the exhibit. The licence is dated 14 November 2003 and is for a period of three years subject to early termination or extension. Mr Yam has signed the licences both as licensor and licensee.

13) Exhibited at HKY3 are copies of the financial statements of Circle of Friends Limited, Circle of Tao Ltd and Tao Restaurant Ltd.

The financial statements for Circle of Friends Limited give the following details:

Period ended 31 March 1995 income £247,600 advertising £1,800.

Period ended 31 March 1996 turnover £285,644 advertising £1,083.

Period ended 31 March 1997 turnover £372,029 advertising £470.

The financial statements for Circle of Tao Limited give the following details:

23 October 1997 to 31 October 1998 turnover £353,111 advertising £1,611.

Year ended 31 October 1999 turnover £479,725 advertising nil. In this statement there is a reference to goodwill:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.”

The profit and loss account shows under the heading depreciation – Goodwill - £400.

Year ended 31 October 2000 turnover £472,094 advertising £1,235.

In this statement there is a reference to goodwill:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.”

The profit and loss account shows under the heading depreciation – Goodwill - £400.

Year ended 31 October 2001 turnover £512,559 advertising £2,160.

In this statement there is a reference to goodwill:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.”

The profit and loss account shows under the heading depreciation – Goodwill - £400.

Year ended 31 October 2002 turnover £513,858 advertising £600.

In this statement there is a reference to goodwill:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.”

The profit and loss account shows under the heading depreciation – Goodwill - £400.

1 November 2002 to 30 November 2003 turnover £503,974 advertising £4,347.

In this statement there is a reference to goodwill:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.” The profit and loss account shows under the heading depreciation – Goodwill - £400.

The financial statements of Tao Restaurant Limited give the following details:

Year ended 31 October 2005 turnover £447,375 (30 September 2003 to 31 October 2004 £462,573) advertising £2,221 (30 September 2003 to 31 October 2004 £1,271).

Year ended 31 October 2006 turnover £412,854 advertising £99.

Report and accounts for the year ended 31 October 2007 turnover £438,475 advertising £800.

14) Mr Yam is the sole director of all three companies.

The financial statement for Circle of Tao Limited for the year ended 31 October 1999 includes the following:

“The company acquired an additional restaurant outlet at Farnham Common in May 1999 and subsequently let it out in July 1999 for a term of a year.”

The statement also states that:

“The company acquired the leasehold premises at Farnham Common where the terms expire in 2016.”

The financial statement for Circle of Tao Limited for the year ended 31 October 2000 includes the following:

“The company let the restaurant premises at Farnham Common for a further term from July 2000 for a term of one year.”

The financial statement for Circle of Tao Limited for the year ended 31 October 2001 includes the following:

“The company acquired the leasehold premises at Farnham Common where the terms expire in 2016.”

The financial statement for Circle of Tao Limited for the year ended 31 October 2002 includes the following:

“The company has an operating lease commitment at Ashley House, Farnham Common, Bucks until 2016 and the rent is currently £35,000 per annum.”

The financial statement for Circle of Tao Limited for the period 1 November 2002 to 30 November 2003 includes the following:

“The company has an operating lease commitment at Ashley House, Farnham Common, Bucks until 2016 and the rent is currently £35,000 per annum.”

15) Exhibited at HKY4 are a large number of documents:

Letters issued on paper bearing Mr Yam's trade mark on 23 May 1994, 2 December 1994, 1 July 1996 10 September 1998, 3 December 1998, 20 September 2000, 11 November 2002, 10 November 2006, 10 September 2007.

Bills bearing Mr Yam's trade mark dated: 5 July 1994, 11 July 1994, 2 September 1994, 2 November 1994, 2 January 1995, 8 February 1995, 22 March 1995, 4 April 1995, 22 May 1995, 23 August 1995, 24 August 1995, 4 October 1995, 19 October 1995, 1 December 1995, 10 March 1996, 14 March 1996, 30 June 1996, 29 July 1996, 8 October 1996, 14 January 1997, 4 June 1997, 13 March 1997, 25 June 1997, 18 July 1997, 16 February 1998, 21 February 1999, 13 April 2000, 1 March 2001, 1 March 2002, 7 February 2003, 1 February 2004, 11 February 2004, 16 February 2004, 29 January 2006, 3 February 2006, 21 March 2006, 5 April 2006, 12 May 2006, 3 June 2006, 5 July 2006, 13 August 2006, 24 September 2006, 10 October 2006, 17 November 2006, 10 December 2006, 31 January 2007, 18 February 2007, 23 March 2007, 1 April 2007, 1 May 2007, 1 June 2007, 12 July 2007, 20 August 2007, 1 September 2007, 13 October 2007, 20 November 2007, 1 December 2007.

From the bill dated 13 April 2000 onwards the bills have at the bottom: Circle of Tao Ltd trading as TAO® Restaurant, Beaconsfield.

From the bill dated 1 February 2004 onwards the bills have at the bottom: Tao Restaurant Ltd trading as TAO® Restaurant, Beaconsfield.

Bills from Maidenhead Wine Company Limited dated 30 January 2006 and 12 December 2007 addressed to Tao Restaurant Ltd.

Invoices from Streamline dated 1 January 2006 and 1 December 2007, this appears to be a credit card transaction company, addressed to Mr T Yam, Tao.

Telephone bills from BT to Tao Restaurant Ltd dated 17 February 2004, 17 April 2004, 19 February 2006, 17 August 2006 and 19 November 2006.

Letter dated 24 February 2006 from James Tsang & Co re a work permit, it is addressed to Mr Yam, Tao Restaurant Limited.

Invoice from King UK Limited dated 25 July 2006 addressed to Tao Restaurant Ltd t/a Tao.

Invoices from Biffa for waste services dated 25 August 2006 and 24 August 2007 addressed to Tao Restaurant Ltd.

Letter to Mr Yam from South Bucks District Council re annual maintenance fee for the property at 5 London End dated 20 September 2006.

Invoices for food supplies from J Chan to Tao dated sometime in 2006 and 26 July 2007.

Invoice to Tao Restaurant dated 2 November 2006 from Nelson for supply of a glass washer.

Statement from Shell Gas Direct Limited dated 7 November 2006 to Hingkwong Yam, TAO Restaurant Ltd.

Invoice from LM Wong & Co, chartered accountants, to Tao Restaurant Ltd dated 9 November 2006 re preparing accounts, company tax return and managing payroll.

Payments to Tao Restaurant made by Renault dated 17 January 2006 and Volvo Car UK Limited dated 14 December 2006.

Council tax adjustment bill from South Bucks District Council dated 8 January 2007 addressed to Tao Restaurant Ltd.

Invoice from BOC to Tao Restaurant (D Chan) dated 30 June 2007.

Letter to Tao from South Bucks District Council re annual maintenance fee for the property at 5 London End dated 12 September 2007.

Invoice from Essex Meats dated 18 December 2007 for prawns, addressed to Tao Restaurant.

Gas bill from e-on dated 18 December 2007 addressed to Tao Restaurant.

Bill from Lee Valleys Water for water charges in 2008 and 2008, addressed to Tao.

Statement from O2 dated 12 December 2007 addressed to Tao Restaurant Ltd, for mobile telephone use.

15) Exhibited at HKY5 are copies of the following:

Pages from *BT The Phone Book* High Wycombe 2004/05. Entries to be found are for: Tao Restaurant – 5 London End, Tao Chinese Take Away, 34 Gregories Road Beaconsfield.

Pages from *BT The Phone Book* High Wycombe 2007/08, Entry to be found for Tao Restaurant – 5 London End.

Pages from *Yellow Pages* High Wycombe & Aylesbury 2003/2004 Entry to be found under Restaurants – Chinese – small box – Tao 5 London End.

Pages from *Yellow Pages* High Wycombe & Aylesbury 2004/2005 Entry to be found under Restaurants – Chinese – small box – Tao 5 London End.

Pages from *Chic Chat* Winter 2005. Advertisement for “Christmas at Tao®”, Mr Yam’s trade mark appears.

Pages from *Chic Chat* Winter 2007. Advertisement in which Mr Yam’s trade mark appears.

Pages from *Chic Chat* Summer 2008, Winter 2008 and Spring 2009. Advertisements in which Mr Yam’s trade mark appears (after material dates, see below).

(Exhibited at HKY14 is a page downloaded from chiccat.co.uk on 20 July 2009 which advises that the magazine is a “sophisticated, quarterly lifestyle magazine”. 26,000 magazines are distributed door to door, free of charge, to high income households in Amersham, Beaconsfield, Bourne End, The Chalfont, Cookham, Great Missenden, Gerrards Cross, Hazelmere, Hedgerley, Marlow, Penn, Seer Green and Stoke Poges.)

Pages from *Thomson Local* High Wycombe 2004-2005. Entry to be found under Restaurants – Chinese – TAO Restaurant 5 London End.

Advertisement from outside Sainsbury’s store showing Mr Yam’s trade mark – without date.

Letter from Beaconsfield High School PTA addressed to “Tommi” stating that an advertisement would be placed in the programme for the 40th anniversary ball to be held on 30 June 2007, at a cost of £50.

Letter from Butlers Court School, Beaconsfield dated 26 February 2007 addressed to “Tao’s”. This relates to a small advertisement containing “your company’s logo” on the back of the menu for Butlers Court PTA Bond Evening at a cost of £50.

Invoice from Yell dated 24 May 2006 address to T Yam, TAO.

A copy of a proof for a flyer re opening of new restaurant at Farnham Common in January 1997, showing Mr Yam’s trade mark.

Copy of a page from *Free Press* of 29 November 1996. Advertisement showing Mr Yam’s trade mark in relation to restaurants in Beaconsfield and Farnham Common.

Copy of page from *Free Press* of 17 January 1997. Advertisement showing Mr Yam's trade mark in relation to opening of restaurant at Farnham Common on 25 January.

Copy of page from *Free Press* of 28 February 1997. Advertisement showing Mr Yam's trade mark in relation to restaurant at Farnham Common.

Copy of page from *The Observer Midweek* of 19 March 1997. The advertisement shows TAO RESTAURANT with device to the right hand side. It primarily advertises the restaurant at Farnham Common but also refers to the restaurant at Beaconsfield.

Invoice dated 26 April 2002 from The Abbeyfield Beaconsfield Society. It is addressed to Circle of Tao Ltd. It relates to sponsoring an advertisement in the Beaconsfield Society's Golf Day programme at a cost of £50.

Invoice from Hunters & Frankau addressed to Tao, Tommy Yam dated 29 February 2004. Hunters & Frankau are importers and distributors of cigars.

Statement from Shell re gas dated 6 February 2004. It is addressed to TAO Restaurant Ltd.

Invoice from Laundrax Limited dated 1 February 2004 addressed to Tao Restaurant.

Invoice from Bewley's dated 30 March 2004 addressed to Tao Restaurant.

Invoice from Thomson Directories Limited dated 24 October 1994 addressed to Tao Old Beaconsfield Chinese Restaurant re advertisement to be placed in directory in relation to Tao Restaurant, Old Town, Beaconsfield.

Invoice from Yell dated 19 August 2003 addressed to TAO.

Invoice for broadcasting services from elevenSeventy dated 4 February 2000 address to Tommy Yam, Tao Restaurant. It is for £20 for programme sponsorship.

Confirmation orders dated 2 October 2003, 29 January 2004 and 11 March 2004 from Newsquest Letterbox Services re *Wycombe Star* addressed to Tao Restaurant.

A copy of a press proof dated 31 May 1996 re an advertisement appearing in the Beaconsfield Catholic Church Diary. The advertisement does not include the device in Mr Yam's trade mark.

An order to Free Press group for an advertisement to appear in *Bucks Limited Edition* in January 1997. This has a distribution of 22,000 copies. The company making the order is Circle of Bucks Ltd t/a Tao. The form has been completed by a salesperson from Free Press Group, it would appear that the name of the company making the order has been entered erroneously by this person. A copy of the advertisement is produced, which relates to the restaurants in Beaconsfield and Farnham Common.

A contract order form from Register Tape International dated 17 July 2000. The party entering the agreement is Circle of Tao Ltd.

Invoices from Bucks Free Press Group dated 2 July 1994, 30 July 1994, 3 August 1994, 28 September 1994, 4 November 1994, 2 February 1995 and 15 January 1995, all addressed to Circle of Friends Ltd, t/a Tao Restaurant.

An invoice from Community Advertising dated 21 January 1998 addressed to Tao Restaurant.

Copies of invoices from The Graham Cumming Group dated 7 March 1997 and 31 July 1997 in relation to advertisements in the Beaconsfield Rugby Football Fixtures and Beaconsfield Catholic Church Diary. They are addressed to Tao Restaurant.

Confirmation of leaflet order of 12,000 from *Berks & Bucks Observer* dated 14 April 1997, addressed to Tommy Yam, Tao Restaurant, Farnham Common.

Confirmation of order from James E James Ltd dated 1 June 1995 re advertisement for Police Authority Association No 3 Region Clay Pigeon Shooting Championships. It is addressed to Tommy Yam, Tao Restaurant. An invoice, dated 1 July 1995, is also included, it is addressed to Tao Restaurant. Further invoices dated 30 April 1996 (for the Police Athletic Association Annual Report) and 16 July 1996 (for Emergency Services Pocket Diary 1997) are included in the exhibit. They are both addressed to Tao Restaurant.

A copy of an invoice from Community Information Services Ltd dated 8 October 2008 addressed to Tao Restaurant. It is for one eighth page advertisement in the South Buckinghamshire District Council Council Tax Booklet.

Exhibited at HKY6 is an article from *Free Press* of 17 January 1997 re the Tao Restaurant in Beaconsfield.

16) Mr Yam states that his business has used a number of promotional items, including: book matches, matchboxes, astrological charts, red envelopes, chocolates and balloons. He states that examples of the items are exhibited at HKY7. Mr Yam states that chocolates are placed in the red envelopes, an equivalent to lucky money in Chinese culture, and are given to customers.

Invoices are included in the exhibit. With one exception these are all addressed to Tao Restaurant, Mr Yam's name appears on certain of them. The one exception, at page 18, is addressed to Circle of Tao. Invoices relating to match products are dated 1 November 1994, 1 March 1996, 1 September 1998, 1 September 2000, 1 March 2001, 1 November 2002 and 1 May 2003. The cover of the book matches shows Tao®, the inside shows Tao® Restaurant. Copies of statements and invoices from several undertakings in relation to the printing of cards, bills, leaflets, serviette holders, receipt books, restaurant menus, takeaway menus, letterheads, business cards and horoscopes are dated 7 December 1998, 31 October 2001, 9 November 2001, 23 December 2003, 11 June 2003, 15 October 2003 and 28 January 2004. A copy of an astrological chart is exhibited, it does not bear a date, it shows Mr Yam's trade mark. Invoices from Bewley's dated 10 September 2003, 13 November 2003, 7 January 2004 and 4 March 2004 relate to boxes of personalised chocolates. There are four invoices from Bassetsbury Balloons Party Shop dated 19 December 2002, 7 May 2003, 22 September 2003 and 21 February 2004. The invoices are primarily for balloons. At page 13 a picture of an item bearing Mr Yam's trade mark can be seen, it is not possible to discern what this item is from the reproduction adduced into the case. Mr Yam refers to the signage outside the restaurant and to a copy of the invoice relating to this signage being exhibited at HKY7, I cannot identify any such invoice. There is no photograph of the signage. He refers to a fish tank inside the restaurant, a photograph of this is exhibited at HKY7 and shows TAO (stylised) prominently on it. There is no indication as to from when this emanates. Mr Yam refers to his ownership of the vehicle registration numbers TA03 TAO, TA04 TAO and TA08 TAO; copies of the registration documents for these vehicles are exhibited.

17) Mr Yam states that he has sponsored a number of events to increase awareness of his TAO and device trade mark. He states that examples of these are:

- An event to raise money for a new children's playground.
- Balls and other events to raise money for a number of schools.
- An event to raise money for a cancer charity.
- A charity golf day.
- A charity meal for the mayor of Beaconsfield.
- A murder mystery evening to support a community centre.
- A dinner to support the charity International Project Aid.
- The Royal Grammar School Parent's Association spring raffle.

18) Material relating to these activities is exhibited at HKY8. This consists of:

- Receipt dated 22 August 2003 from South Bucks District Council for a cheque for £250 for a charity golf day.

- Invoices from The Abbeyfield Beaconsfield Society for a charity golf day on 8 May 2002 and 7 June 2006 addressed to Mr Yam at Tao Limited and Tomi Yam at Tao Restaurant respectively.
- Copy of part of a programme for a ferret race night on 11 November 2006. Race 2 has been sponsored by TAO. A letter of thanks for the sponsorship from Malthouse Square Playground Association is also exhibited. It is addressed to Tomi at Tao Restaurant.
- Invoice from Beaconsfield High School PTA addressed to Tommy for an advertisement in the programme for the Orient Express Ball on 1 July 2006. The advertisement will include the company name and logo.
- A letter dated 4 August 2006 from Beaconsfield High School addressed to Tommy thanking him for donating a 'dinner for two' as a prize at the Orient Express Ball.
- Invoice from Butlers Court School for sponsorship of the Ruby Ball on 13 May 2006, this is addressed to Tao Restaurant. A letter of thanks, addressed to Tomi at Tao Restaurant, is also exhibited.
- Letter from the Mayor of Beaconsfield dated 13 May 2005 thanking Mr Yam for hosting a meal for the Mayor's charities.
- Letter from The Friends of the Curzon Centre dated 17 February 2005, addressed to HK Ham at Tao Restaurant. The letter thanks Mr Yam for giving a meal for two as a prize in a raffle.
- A letter dated 23 September 2007 from International Project Aid to Tomi. The letter thanks Mr Yam for his generosity.
- A letter, dated 7 January 2006, of thanks for providing a prize for a raffle from Tylers Green First School Parent Association.
- A letter dated 26 April 2006 to Tomi from Breakthrough Breast Cancer for his support and donation of a 'meal for two'.
- A letter dated 2 April 2006 from St Mary and All Saints Church of England Primary School PTA to the manager of Tao. It is a letter of thanks for the donation of a prize in a school promise auction.
- A letter dated 5 March 2009 from The Royal Grammar School Parents Association addressed to the manager of the Tao Restaurant. It is a letter of thanks for the donation of a meal voucher for a raffle.
- Letters dated 8 July 2008 and 5 October 2008 from Marlow Opportunity Playgroup addressed to Tomi Yam at Tao Restaurant. They are letters of thanks for the donation of prizes for raffles.
- Two letters from Butlers Court School requesting sponsorship.

19) Mr Yam states that his trade mark is used extensively on stationery items. Copies of these are exhibited at HKY8. The following show use of his trade mark: menu cover, headed notepaper, business card, take-away menu for Farnham Common, take-away menu for London End, customer registration card, menus and the wine list. At the bottom of the headed notepaper the following appears: "Circle of Tao Ltd trading as Tao® Restaurant, Beaconsfield", so presumably this was printed prior to November 2003. A copy of the menu for Christmas at Tao in 2008 (after the material date) shows Mr Yam's trade mark.

The menu advises "tao & device® and mr firewater® are registered trade marks of H.K. YAM tao® restaurant ltd trading as tao® restaurant, beaconsfield, uk. A copy of the takeaway menu for January to May 2009 (after the material dates) shows Mr Yam's trade mark. The menu advises "tao & device® and mr firewater® are registered trade marks of H.K. YAM tao® restaurant ltd trading as tao® restaurant, beaconsfield, uk. An invoice from DHL dated 10 December 1999 and from Tandys dated 24 November 1999 are exhibited. The former invoice relates to customs duty for the importation of paper labels for serviettes. Both invoices are addressed to Circle of Tao Ltd.

20) Mr Yam states that his trade mark has been used on clothing, some of it for promotional use such as baseball caps and school sports t-shirts. Otherwise it has been worn by members of staff at work. Exhibited at HKY9 are pictures of items of apparel. Mr Yam's trade mark can be seen on a tie, an apron, a baseball hat, a waistcoat, and a polo shirt. An invoice from Monograms and More in relation to 50 polo shirts is exhibited. There are also copies of 3 invoices from Mayfair Embroidery exhibited. Two are dated 10 December 1997, 30 October 1998, the date on the third is illegible. One invoice is made out to Tao Restaurant, Circle of Tao Ltd, one to Tao Restaurant and on one the name is illegible. They relate to shirts, caps, polo shirts, aprons and ties.

21) Mr Yam states that he has owned the domain name taorestaurant.co.uk since 2004. He exhibits at HKY10 the number of hits for the website from December 2008 to March 2009, a total of 15,839 hits. There is no indication as to the number of individual visitors from the United Kingdom to the website or the length that the visitors stayed on the website. The number of hits to a website does not correlate to the traffic on the websiteⁱⁱ.

22) Exhibited at HKY11 are definitions of the words Asian and bistro. Bistro is defined as a small bar or restaurant. Also exhibited are pages of hits from a Google® search conducted on 18 February 2009. There are hits for Asian Bistro restaurants in New York, Chicago, Geneva, Cheektowaga, Springfield, Jersey City, Lincolnshire, Tampa, Bristol, Berlin, Las Vegas, Cancun and Palm Beach.

23) Mr Yam states that Asia's TAO ASIAN BISTRO/TAO organisation features restaurants and nightclubs. Exhibited at HKY12 are pages from the taolasvegas.com website which have references to TAO Nightclub Las Vegas and TAO Restaurant Las Vegas. Further printouts from the Internet downloaded on 19 March 2009 relate to the undertakings: Los Locos, Sugar Reef, Storm, Zoo and Café de Paris. The printouts show that Los Locos and Sugar Reef offer dining and dancing. Zoo is described as bar and club and has a food menu. Storm is described as a nightclub and offers a buffet service. Café de Paris offers dining and live entertainment and the printout advises that the guests are invited to stay on after 22.00 when the nightclub opens.

24) In his statements Mr Yam refers to restaurant in the singular.

Evidence of Asia

Witness statement of Katherine Cameron

25) Ms Cameron is a trade mark attorney acting for Asia. The majority of her statement is submission and a critique of the evidence of Mr Yam rather than evidence of fact; I will say no more about these parts of her statement but bear them in mind in reaching my decision.

26) Exhibited at KC2 is a definition of bistro from the online dictionary at www.dictionary.com. Bistro is defined as a small, modest, European style restaurant or café, as a small nightclub or restaurant, as a small bar, tavern or nightclub and as a small informal restaurant serving wine.

27) Ms Cameron states that the name TAO appears to be commonly used in the United Kingdom as the name for a restaurant. She exhibits at KC3 hits from a Google® search, conducted on 15 July 2009, using the terms tao + restaurant + uk. 6 of the hits relate to Mr Yam's business in Beaconsfield. One hit relates to New York and another to Greece. As the hits have not been expanded it is not possible to identify how many different restaurants are shown. However, restaurants simply called Tao Restaurant appear to be at Bow Lane, London, EC5 and Glasgow. Many of the hits appear to relate to the Bow Lane restaurant. Other restaurants shown include other distinctive matter in their names: Loon Tao, Hung Tao. There are references to a restaurant in Mansion House but it is not clear if this is the same as the Bow Lane restaurant, in one hit the Bow Lane address is given and in another a postcode of EC4M 9AL. As Ms Cameron has not opened and downloaded the various hits there can be no certainty as to this matter. Ms Cameron states that the element TAO is frequently used in trade marks designating food products and restaurant services in the United Kingdom. She exhibits at KC4 printouts for trade marks showing this element in classes 29, 30 and 43. Included in the list are MAITAO, TAOKTAO, FLOTA ORLENT, SAMNIUM VITA, EATA OVER, YOGI TAO TEA, DIETA ORO, CASINO TARO, TAORMINA and COMPLETA ORA. Of those that are currently registered, nine are United Kingdom registrations or Madrid protocol registrations with protection in the United Kingdom, the rest are Community trade mark registrations and applications. Of these nine only two include class 43: TAOKTAO and El Pirata of Mayfair. There is no indication as to which particular services the class 43 registrations relate.

28) In relation to the Bow Lane restaurant Mr Yam, in his evidence, states that he is aware of the restaurant which serves Euro-Pacific rather than Chinese food and operates under a very different get-up to his restaurant and has been in existence for about as long as his restaurant. He exhibits at HK15 pages downloaded from the Internet on 1 September 2009 re the restaurant.

29) Ms Cameron states that no confusion has been shown between Asia's trade mark and that of Mr Yam. She exhibits at KC5:

- An article from *Business Wire* of 15 April 2008 about Tao Las Vegas Restaurant and Nightclub.
- A page from Bloomberg.com of 8 April 2009 about the Tao Restaurant and Nightclub in Las Vegas.
- A page from Reed Business of 15 April 2008 re Tao Las Vegas Restaurant and Nightclub.
- Pages from the *New York Times* of 22 July 2007 about the Tao Restaurant in Las Vegas.
- Pages from ok.magazine.com. I can see no reference to Tao in the pages exhibited.

30) Ms Cameron considers that the juxtaposition of ASIAN and BISTRO is not normally seen. She refers to the definition that includes a reference to a European style restaurant. The other definitions make no association with a particular continent.

Material dates

The earlier trade mark – genuine use

31) The application was published on 4 April 2008. Under section 6A(3) the use conditions in relation to the earlier trade mark are met if:

“(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered”.

Consequently, the material period to establish genuine use of the earlier trade mark is from 5 April 2003 to 4 April 2008.

Section 5(2)(b) and section 5(3) case

32) The material date for these grounds of opposition is the date of the application for registration, 18 January 2008.

The passing-off case

33) A similar provision to section 5(4)(a) of the Act is to be found in Article 8(4) of Council Regulation 40/94 of December 20, 1993. This was the subject of consideration by the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07. In that judgment the GC stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (Cadbury Schweppes v Pub Squash (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

I apply the reasoning of the GC, *mutatis mutandis*, in relation to the Act, consequently the material date is the date of the filing of the application for registration, 18 January 2008. There has been no use of the trade mark by Asia in the United Kingdom and so there is no question of a concurrent goodwill or senior userⁱⁱⁱ.

Findings of fact

Proof of use of earlier trade mark

34) Asia has attacked the evidence furnished for proof of use. At the hearing Ms Cameron accepted that Mr Yam had established that the trade mark had been used with the consent of the proprietor. She did not accept that he had established genuine use of the trade mark during the material period.

35) Asia considers that evidence outside the specific period, in relation to proof of use of the registered trade mark, should be ignored. This evidence cannot establish use in the material period. However, it does show a continuum of use from the 1990s until the present time, as such it can and does throw light on the use in the material period.

36) Ms Cameron considers that that various bills should be discounted in relation to proof of use as they show use in relation to drinks, for instance page 87 of HKY4. Taking this bill, it shows use for a meal and so is relevant to the proof of use, there is also nothing that indicates that the drinks referred to on the bill are alcohol beverages. Even if the latter were the case it does not gainsay evidence of use in relation to meals. The specification relates to the limitation of the rights of the applicant, the registration gives no rights in relation to the serving of alcoholic beverages. It is not a requirement to supply restaurant services without alcoholic beverages in order to establish genuine use of the trade mark. It is necessary, however, to take into account that part of the turnover of the business will relate to services for which the trade mark is not registered ie the sale of alcoholic beverages.

37) Mr Yam has furnished copies of bills supplied to business customers, upon which his trade mark appears. He has supplied evidence of promotion of his business by reference to the trade mark in advertisements. From 1994 onwards there is a continuum of use of the trade mark the subject of his registration in relation to his business.

38) Under Section 100 of the Act the onus is upon the proprietor of the earlier trade mark(s) to show genuine use:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

39) The European Court of Justice (ECJ) in *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01 stated :

“36. “Genuine use” must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

In *MFE Marienfelde GmbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-334/01* the GC considered the practical application of the *Ansul* criteria:

“34 When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (*Ansul*, paragraph 43).

35 Concerning the extent of the use made of the earlier mark, account must be taken, in particular, of the commercial volume of all the acts of use on the one hand and the duration of the period in which those acts of use occurred, and the frequency of those acts, on the other.

36 In order to examine, in a given case, whether use of the earlier mark is genuine, an overall assessment must be made taking account of all the relevant factors in the particular case. That assessment implies a certain interdependence between the factors taken into account. Thus, a low volume of goods marketed under that trade mark may be compensated for by a high intensity or a certain constancy in time of the use of that trade mark or vice versa. Moreover, the turnover achieved and quantity of product sales under the earlier mark cannot be assessed in absolute terms but must be assessed in relation to other relevant factors, such as the volume of commercial activity, the production or marketing capacities or the degree of diversification of the undertaking exploiting the mark, and the characteristics of the products or services on the market in question. For that reason, the Court has held that use of the earlier mark need not always be quantitatively significant for it to be deemed genuine (*Ansul*, paragraph 39).

37 However, the smaller the commercial volume of the exploitation of the mark, the more necessary it is for the party opposing new registration to

produce additional evidence to dispel possible doubts as to its genuineness.”

40) Mr Yam’s evidence establishes that the trade mark has been used in relation to a Chinese restaurant in Beaconsfield, Buckinghamshire. It also shows that it has been used in relation to a take-away service at a different address in Beaconsfield. The evidence shows that in January 1997 a Chinese restaurant in Farnham Common, Buckinghamshire was using the trade mark in relation to its services. It is not clear from the evidence if this last establishment is still trading. It is also unclear of the relationship between this restaurant and Mr Yam and the companies of which he is the sole director. In his statements Mr Yam refers to restaurant in the singular. He makes no reference to the restaurant at Farnham Common nor the takeaway restaurant. The financial statements, where they refer to the Farnham Common restaurant, indicate that it is a separate undertaking. The financial statement for Circle of Tao Limited for the year ended 31 October 2000 refers to it letting the premises. The financial statements for Circle of Tao Ltd show that it had acquired the restaurant outlet, so it is not Mr Yam who owned the lease. There is an absence of clarity in relation to the position of this restaurant. On the basis of the evidence it is not possible to make any findings in relation to either the Farnham Common or the takeaway restaurants, other than that they have used Mr Yam’s trade mark. The address of the Farnham Common restaurant appears on the bill dated 7 February 2003 exhibited at page 58 of HKY4. However, it is not clear if the restaurant was trading at this point, the bill could be a legacy item of stationery.

41) The majority of restaurants in the United Kingdom are local establishments, the majority probably only operate from one premises. It is the norm for the trade to have a limited geographical spread. Mr Yam has established use of the trade mark throughout the material period; there has been a clear continuum of use in relation to the premises in London End. The turnover is certainly not insignificant, taking into account the nature of the trade. Taking into account the nature of the restaurant trade, Mr Yam has established that the use of his trade mark is warranted in the market place. Consequently, Mr Yam has established genuine use of his trade mark for the material period. (This is use with the consent of Mr Yam, it is not to be conflated with establishing that Mr Yam has goodwill in a business which uses the trade mark. This is dealt with below.)

42) It is necessary to decide upon a fair description for the services for which genuine use has been shown. I must not be over-pernickety^{iv}. It is necessary to consider how the relevant public, which for these services would be the public at large, describes the services^v. The GC in *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-126/03* stated:

“42 The Court observes that the purpose of the requirement that the earlier mark must have been put to genuine use is to limit the likelihood of

conflict between two marks by protecting only trade marks which have actually been used, in so far as there is no sound economic reason for them not having been used. That interpretation is borne out by the ninth recital in the preamble to Regulation No 40/94, which expressly refers to that objective (see, to that effect, *Silk Cocoon*, cited at paragraph 27 above, paragraph 38). However, the purpose of Article 43(2) and (3) of Regulation No 40/94 is not to assess commercial success or to review the economic strategy of an undertaking, nor is it to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-334/01 *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* [2004] ECR II-0000, paragraph 32, and Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-0000, paragraph 38).

43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or sub-categories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of ‘part of the goods or services’ cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.”

43) Mr Yam’s evidence shows from *Yellow Pages* that his restaurant(s) in Beaconsfield are categorised as Chinese restaurants. In my experience restaurants are categorised by the nature of the food that they serve, whether this be by *Yellow Pages* or the drop down menus of websites. People say that they are going for an Indian, a Mexican or a Chinese and it is immediately understood what is meant. Chinese restaurant services are a clear sub-category of restaurant services and reflect the service that has been offered by reference to Mr Yam’s trade mark. **A fair specification for Mr Yam’s trade mark is:**

Chinese restaurant services; but not including any such services relating to alcoholic beverages.

The grounds of opposition under sections 5(2)(b) and 5(3) of the Act must be considered on the basis of this specification.

Reputation for section 5(3) of the Act

44) To benefit from the provisions of section 5(3) of the Act the trade mark must be known by a significant part of the public concerned by the services covered^{vi}, which for the services will be the public at large. The ECJ in *General Motors Corporation v Yplon SA* stated how a party would establish this reputation:

“27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

There has been little publicity for the services furnished by Mr Yam, what there has been has been of a local nature. It may be that Mr Yam’s restaurant is

known in part of Buckinghamshire but there is nothing to suggest that there is any knowledge outside this area. The market is limited to a small geographical area and there is no indication of the market share of this market. The geographical extent of use is very limited and the investment in promoting the services is extremely limited. **In no shape or form does the use of Mr Yam's trade mark in relation to *Chinese restaurant services; but not including any such services relating to alcoholic beverages* establish the requisite reputation for the purposes of section 5(3) of the Act. Consequently, the ground of opposition under section 5(3) of the Act must be dismissed.**

Goodwill

45) For the purposes of the claim under section 5(4)(a) of the Act Mr Yam must establish that **he** had a goodwill in a business by reference to the sign TAO and his trade mark as of 18 January 2008.

46) From 1994 onwards there has been use of the two signs upon which Mr Yam relies in relation to a Chinese restaurant in Beaconsfield. (There has also been use of the signs in relation to a Chinese take-away restaurant in Beaconsfield and for some part of the period in use to a Chinese restaurant in Farnham Common. However, for the reasons given above no conclusions can be drawn in relation to the use in respect of these establishments.) There is no doubt about the existence of the business at London End and the signs which have been used in relation to it.

47) There is a question as to the ownership of the goodwill. The question of the ownership of the goodwill is a key issue as Mr Yam claims in his statement of grounds that the goodwill belongs to him and these proceedings are governed by The Trade Marks (Relative Grounds) Order 2007, which requires a party relying on section 5 of the Act to be the owner of the earlier right. Mr Yam has licensed the trade mark to three legal entities. The business of the Chinese restaurants has been carried out by these entities. The licence agreements all include a common second clause:

“In consideration of the licence fee and the due performance of the obligations on the part of the Licensee hereunder the licensor hereby grants the Licensee a licence to carry on the Business at the property under the Name using the Intellectual Property and the Equipment for the Term subject to the conditions set out in this deed provided that nothing in this deed shall confer on the Licensee any tenancy or other legal or equitable estate or interest in the Property or any part thereof and the possession and control of the Property shall remain vested in the Licensor for all purposes.”

In the first clause of the agreement “the Business” is defined as “the business of a licensed Chinese restaurant which the Licensor is entitled to carry on and

which it proposes to licence the Licensee to carry on at the property under the Name.” “The property” is defined as “the leasehold premises at 5 London End HP9 2HN”. “The Name” is defined as “the name of style of “TAO” Restaurant”.

Lord Macnaghten in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217 stated:

“It is very difficult, as it seems to me, to say that goodwill is not property. Goodwill is bought and sold every day. It may be acquired, I think, in any of the different ways in which property is usually acquired. When a man has got it he may keep it as his own. He may vindicate his exclusive right to it if necessary by process of law. He may dispose of it if he will – of course under the conditions attaching to property of that nature.”

Christopher Wadlow in *The Law of Passing-Off* (third edition) states:

“It should also be remembered that goodwill is a form of legal property and is only valuable to the extent that it can be protected through the courts.”

Goodwill is an item of property but the term property used in the agreements is defined as relating to the premises and so does not encompass the goodwill of the business(es). Although the law of passing-off can be relied upon under the Trade Marks Act, it is not an intellectual property law, it is a law of unfair competition. The law relates to the goodwill of a business, the goodwill of a business is an item of property, not an item of intellectual property. English law does not recognise the idea of an unregistered trade mark (despite the wording of the Act). Parker J in *Burberrys v J C Cording & Co Ltd* [1909] 26 RPC 693 stated:

“The principles of law applicable to a case of this sort are well known. On the one hand, apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name. On the other hand, no one is entitled by the use of any word or name, or indeed in any other way, to represent his goods as being the goods of another to that other’s injury. If an injunction be granted restraining the use of a word or name, it is no doubt granted to protect property, but the property, to protect which it is granted, is not property in the word or name, but the property in the trade or good-will which will be injured by its use. If the use of a word or a name be restrained, it can only be on the ground that such use involves a misrepresentation, and that such misrepresentation has injured, or is calculated to injure another in his trade or business.”

Millett LJ in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 stated:

“It is well settled that (unless registered as a trade mark) no one has a monopoly in his brand name or get up, however familiar these may be. Passing off is a wrongful invasion of a right of property vested in the

plaintiff; but the property which is protected by an action for passing off is not the plaintiff's proprietary right in the name or get up which the defendant has misappropriated but the goodwill and reputation of his business which is likely to be harmed by the defendant's misrepresentation: see *Reddaway v. Banham* [1896] A.C. 199 per Lord Herschell; *Spalding v. Gamage* (1915) 32 R.P.C. 273 at page 284 per Lord Parker; *H.P. Bulmer Ltd. and Showerings Ltd. v. J. Bollinger SA and Champagne Lanson Pere et Fils (the Bollinger case)* [1978] R.P.C. 79 at page 93-4 per Buckley L.J.”

Goodwill also exists outside of the law of passing-off, indeed it is only the “dog goodwill” that falls within the parameters of the law of passing-off^{vii}. Consequently, the reference to intellectual property in the licence does not relate to the goodwill in the business.

48) At clauses 3.14 and 3.17 of the licences there are references to goodwill:

“3.14 to comply in the conduct of the Business with all applicable law by-laws and regulations of any competent authority and to conform to and maintain the highest standards of quality hygiene and service so as to ensure that the goodwill of the Business is not diminished or endangered in any way”

“3.17 to conduct the Business in an orderly and businesslike manner to preserve the goodwill of the business”

These clauses refer to the goodwill of the business but do not identify the ownership of the goodwill. However, the goodwill is identified as being that of the business, the business is run by the licensees and not by Mr Yam.

49) In the financial statements for Circle of Tao Limited covering the period from 31 October 1999 to 30 November 2003 a charge is made for the amortisation of the goodwill of the business. In these statements under accounting policies the following appears:

“Goodwill, being the amount in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of five years.”

This is a statement as to the acquisition of the goodwill of the business by Circle of Tao Limited, a statement that is solidified by the amortisation cost. On the basis of the accounts of his own company, Mr Yam cannot be considered to have been the owner of the goodwill during the period that Circle of Tao Limited was running the business.

50) As the licences do not state as to whom the goodwill of the business belongs, whether to Mr Yam or the various legal entities who have run the businesses, it is necessary to make an enquiry into the position in relation to Tao Restaurant Ltd, the subsequent and current licensee. This company, as well as Mr Yam, is identified on bills, eg the bill for 11 February 2004 exhibited at page 62 of HKY4 and that for 1 December 2007 exhibited at page 114. These bills identify Tao Restaurant Ltd as the undertaking behind the business as well as Mr Yam as being the owner of the registered trade marks TAO and Firewater. (There is no evidence that Mr Yam is actually the owner of the registered trade mark TAO simpliciter.) The ownership of registered trade marks in relation to which the business is conducted is not indicative of the ownership of the business and its goodwill. Copies of various bills that are exhibited show that the bill was issued to Tao Restaurant Ltd eg exhibit HKY4 at pages 64, 66, 67, 68, 69, 74, 75. Other material, for instance the invoices exhibited at HKY4 make no reference to the company but to Tao® Group and Mr Yam.

51) The financial statements for Tao Restaurant Ltd make no reference to the issue of goodwill, unlike those of Circle of Tao Limited. There is nothing to indicate what happened to the goodwill that had accrued to Circle of Tao Limited when the new licensor took over the business. In the absence of evidence as to what happened to the goodwill, the new licensee or the licensor would have to build up a new goodwill, neither can rely upon the goodwill which Circle of Tao Limited had.

52) Mr Yam is clearly the controlling mind behind all three companies that have been licensees. However, the three companies are legal entities and so cannot be conflated with Mr Yam, the property of one is not the property of the other.

53) In *Scandecor Development AB v Scandecor Marketing AB and Another* [1999] FSR 26 the Court of Appeal, in relation to the position between licensee and licensor, held the following:

“The effects of the expansion of international trade, the globalisation of markets and the growth of multi-national corporate conglomerates, are all reflected in this and similar disputes. A company incorporated outside the United Kingdom and carrying on business in a number of other countries may expand into the U.K. market in a number of different ways. It may establish a branch or form a subsidiary company to manufacture or to trade in its products or services in the United Kingdom; or it may appoint an unconnected company to act as the sole or exclusive distributor of its products or the supplier of services in that local territory for a fixed term, or until terminated on notice or other specified events; or it may enter into an agreement with a local company to make and sell its products under licence. The local company may use the same marks in the territory as the foreign company uses in other territories both in its corporate name and in relation to its products and services. No problems are likely to occur while

the local subsidiary, distributor, agent or licensee company is a member of the same group or is bound by a contractual arrangement containing provisions governing the use of the mark. Difficulties, like those in the present case, are likely to arise when the corporate or the contractual connection is severed and there are no express post-termination contractual provisions designed specifically to regulate the future use of the mark in the local territory. Who is then entitled to use the mark in relation to goods or service or in the corporate or trading name?

The legal response is that this problem, if not solved by agreements, is ultimately soluble only by a factual inquiry will all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome. There are no quick, cheap or easy answers to be found in hard and fast legal rules, in binding precedents or in clear-cut factual and legal presumptions. As Lord Oliver said in his speech in *Reckitt & Colman Properties Ltd v. Borden Inc.* [1990] 1 W.L.R. 491 at 499C:

Although Your Lordships were referred in the course of argument to a large number of reported cases, this is not a branch of the law in which reference to other cases is of any real assistance except analogically. It has been observed more than once that the questions which arise are, in general, questions of fact.

The cases cited by Mr Wyand, Q.C. for SDAB and by Mr Young, Q.C. for S Ltd amply demonstrated the primacy of the particular facts of each case over legal precedent in this area of the law. Neither leading counsel found it difficult to distinguish the illustrative authorities cited by the other. Mr Wyand Q.C. liked *Bostitch Trade Mark* [1963] R.P.C. 183 , in which an overseas proprietor of a U.K. registered trade mark succeeded in fighting off an attempt by a U.K. distributor, whose agreement had terminated, to expunge the mark as deceptive, in circumstances where the U.K. distributor had used the mark in relation to goods not supplied by the overseas licensor, had not been under the control of the licence or in respect of that use, and had advertised itself during the licence as the distributor of the licensor's goods. The case demonstrates that the absence of the exercise of quality control is not fatal to a claim to the local goodwill by the foreign proprietor of a mark. See also *Bowden Wire Ltd v. Bowden Brake Co. Ltd* (1914) 31 R.P.C. 385 ; *The Roberts Numbering Machine Co. v. Davis* (1936) 53 R.P.C. 79 and *Aktiebolaget Manus v. R.J. Fulwood & Bland Ltd* (1948) 65 R.P.C. 329 , all cases in which a U.K. agent or licensee were held not to be entitled to use the mark after the termination of the licence under which goodwill had been built up for the benefit of the licensor.

Mr Young, Q.C. preferred *DIEHL Trade Mark* [1970] R.P.C. 435 , in which the U.K. importer and distributor, whose sole agency agreement had

terminated, successfully resisted the attempt of the overseas licensor to challenge the registration of the mark used by the distributor in the United Kingdom during the currency of the licence both in its corporate name and in relation to the goods. Similarly, in *T. Oertli AG v. E. J. Bowman (London) Ltd* [1959] R.P.C. 1, the mark in dispute was held not to be distinctive of the foreign licensor when an attempt was made to prevent its use by the U.K. licensee after the termination of the licence; and in *Adrema Ltd v. Adrema-Werke GmbH* [1958] R.P.C. 323, the local goodwill in the mark was held to be with the English subsidiary, which was a separate entity, rather than with the German holding company after they had ceased to be in that relationship.

The goodwill issue

Adapting Lord Oliver's formulation of the principal issue in *Reckitt & Colman* (*supra*, at p. 499H) the focal point of this case is: has SDAB proved that the marks under which the posters, calendars and other products have been sold in the United Kingdom by S Ltd since 1971 are associated in the minds of a substantial number of the purchasing retailers specifically and exclusively with SDAB and with SDAB's products?

.....

.....There is no rule of law or presumption of fact that the goodwill generated by the trading activities of a wholly-owned subsidiary company belongs to the parent company or is the subject of an implied, if not an express, licence in favour of the subsidiary. It may happen, as observed by Oliver L.J. in *Habib Bank Ltd v. Habib Bank AG Zurich* [1982] R.P.C. 1 at pages 20 and 30, that the goodwill in a mark is "shared" in the sense that an internationally known business based abroad, which establishes a branch in this country as part of that international organisation, does not cease to be entitled to its existing goodwill because there is also a goodwill in the local branch. In that situation it would be correct to assert that the international organisation retains its existing "international" goodwill and that the newly created branch or subsidiary company has a local goodwill in the business carried on by it in this country—at the very least for the purpose of protecting it against injury by third parties.

..... (5) We do not attach the same significance as the judge did to the fact that the newsletters and other publicity material of SM claim a corporate connection with the "world's largest poster company" or (to take a few further examples) that then refer to, "Scandecor as the world's leading specialist in top quality prints for decorative use", or to "Scandecor's premier position internationally" in relation to calendars, or to, "the name Scandecor the world's largest manufacturer and distributor of decorative paper products", or to, "Scandecor Worldwide". The judge found (paragraph 28) that there was:

a fairly general recognition that the products originated from abroad, in particular Sweden or Scandinavia generally, and that [S Ltd] was the U.K. distributor. No distinctions were drawn as regards this between posters and other products.

(6) In relation to the disputed goodwill, what matters is the identity of the person carrying on the trading activities in the local territory with the retailers: with whom do they associate the mark “Scandecor”? Mr Wyand emphasised the presentation of the image of the unified worldwide group, in preference to publicising and highlighting the divisions occurring within it. He relied on the publicity to the outside world (the “one face to the world” policy) and the claims by S Ltd to international connections. However, the commercial reality in the marketplace (and that is what really counts on this issue of entitlement to goodwill) is that SIAB neither had a business in the United Kingdom nor did it ever exercise control over any relevant business activities in the United Kingdom to which its goodwill could attach. The judge referred (at paragraph 21) to the evidence of the retailers called by the defendants who all associated the name “Scandecor” with S Ltd, the company with which they dealt and with whose service they were satisfied. Although some knew that the products or some of them were made in Sweden, they were more interested in the quality, price and service offered by the supplier than in the original source or publisher of the product. He also referred in the same paragraph to the evidence given by one of the plaintiff's witnesses (Mr Winship, an employee of S Ltd 1975–93) that the name and logo were used to distinguish products placed on the market by S Ltd from other companies' products, whether posters or calendars.”

54) In this case there is nothing in the licence agreement that deals with the ownership of the goodwill. Tao Restaurant Ltd runs the business, those parts of the licence agreements that have been adduced into the proceedings do not indicate that Mr Yam as an individual has any responsibility for the conduct of the business. It is Tao Restaurant Ltd that is carrying on the trading activity. Clauses 3.14 to 3.16 make Tao Restaurant Ltd responsible for complying with all applicable bye-laws and regulations, it is responsible for health and safety, it is responsible for the alcohol licence. So to the authorities Tao Restaurant Ltd is the business and is responsible for the business.

55) The reference to Tao Restaurant Ltd on the bills, despite the presence of Mr Yam's name on them, indicates to the customer that it is this company that is responsible for the service. A customer seeking redress to a complaint would see Tao Restaurants Ltd as the entity to which to complain, it is this undertaking that has the responsibility for the standards of the service provided. Companies such as BT and Biffa would see Tao Restaurants Ltd as being responsible for the settlement of bills. The business is run by Tao Restaurants Ltd, Mr Yam leases

premises and equipment to the undertaking and consents to the use of his trade mark by the undertaking, but he is not the person responsible for the business that is Tao Restaurants Ltd. As stated earlier, that Mr Yam is the sole director of Tao Restaurants Ltd does not allow him to be conflated with it. Mr Yam has chosen to incorporate a limited company, with the legal obligations and advantages that arise from this, to run the business by reference to the signs upon which he relies, and it is that company that is running the business and to which the goodwill accrues.

56) As the goodwill of the business upon which Mr Yam relies is owned by Tao Restaurants Ltd he cannot rely upon section 5(4)(a) of the Act as he is not the proprietor of the earlier right. The ground of opposition under section 5(4)(a) of the Act is dismissed.

Likelihood of confusion – section 5(2)(b) of the Act

Average consumer, nature of purchasing decision and standard for likelihood of confusion

57) The average consumer “is deemed to be reasonably well informed and reasonably circumspect and observant”^{viii}. In this case all of the services are ultimately purchased by the public at large. At the hearing Ms Cameron argued as to the nature of catering services in the specification of the application. In considering the specifications I take into account the judgment of Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

It is also necessary to take into account that in relation to construing words in a trade mark specification “one is concerned with how the product is, as a practical matter, regarded for the purposes of trade”^x. While applying the *Avnet* principle one cannot give words an unnaturally narrow meaning^x. Catering services will include such activities as supplying food and beverages for events such as weddings, it will also include fast food vans at sporting venues. In both cases the end consumer of the service will be the public at large.

58) Putting catering services to one side, all of the services of the application and the services of the earlier registration (as limited as per the proof of use requirement) can be purchased on impulse, even if at times research might be undertaken, the purchaser of the services might only have a cursory view of the sign under which the service is supplied. Consequently, the effects of imperfect recollection are increased.

59) Where catering services are purchased for an event such as a large wedding the purchasing process is likely to be careful and educated. However, where the event might be a small wedding or retirement do in a room in a pub, the purchasing decision is not likely to be particularly careful and educated. If the catering service is a fast food van at a sporting event, the purchasing process is of its nature very much one of impulse and the care and attention in the decision is exceptionally limited. It is necessary to consider all the permutations of the term in relation to a likelihood of confusion, in the absence of a limitation to the specification. Consequently, I must consider the term where, for instance the service could be provided at a sporting event. In such circumstances again the effects of imperfect recollection are increased.

60) A person may recommend a restaurant to another person, equally this could apply to the recommendation of a particular brand of washing powder. The most common identification of nightclubs, restaurants is by the signage, by the names on menus and bills, by print advertisements and by the appearance in directories such as *Yellow Pages*. Consequently, the visual use of the trade marks under consideration is more important than the oral use. This is, of course, not to ignore the possibilities of aural confusion.

Comparison of trade marks

61) The trade marks to be compared are:

Earlier trade mark:



Applicant's trade mark:

TAO ASIAN BISTRO

62) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details^{xi}. The visual, aural and conceptual similarities of the marks must, therefore, be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components^{xii}. Consequently, I must not indulge in an artificial dissection of the trade marks, although I need to take into account any distinctive and dominant components. The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of

them he/she has kept in his/her mind and he/she is deemed to be reasonably well informed and reasonably circumspect and observant^{xiii}. The assessment of the similarity of the trade marks must be made by reference to the perception of the relevant public^{xiv}.

63) In terms of immediate impression and subsequent recollection the distinctive and dominant element of the trade mark of Mr Yam is the word Tao. This is in a slightly stylised form, however, it is clearly the word Tao and will be perceived as such by the average, relevant consumer. The device element is a Chinese character, taking into account the specification, as limited following the proof of use, the average, relevant consumer is likely to see this device as a Chinese character. The average consumer will not know what Chinese character it is. In relation to Chinese restaurant services the Chinese character is likely to be viewed as decoration underlining the nature of the cuisine and, in the context of the trade mark as whole, will not have a major impression on the perception and memory of the average consumer. The ASIAN BISTRO element of Asia's trade mark will be perceived by the average consumer as describing a bistro that serves Asian food. It will be seen as describing the type of services that are furnished under the TAO trade mark. I am completely unconvinced by the submissions of Ms Cameron that this element, when used in conjunction with TAO, is "opaque". ASIAN BISTRO is clearly descriptive with or without the TAO element, it is completely transparent. Ms Cameron tried to distinguish between the trade marks by heavily relying on the ASIAN BISTRO element, this element is phonetically and visually alien to Mr Yam's trade mark. In comparing trade marks one cannot ignore non-distinctive elements^{xv}, however, the weight that they are to be given has to be considered by reference to the distinctive and dominant element of the trade mark, which in the case of Asia's trade mark is TAO.

64) Ms Harris submitted that owing to the non-distinctive nature of ASIAN BISTRO the respective trade marks can be considered to be identical. In *LTJ Diffusion SA v Sadas Vertbaudet SA* Case C-291/00 the ECJ stated:

"54 In those circumstances, the answer to the question referred must be that Art.5(1)(a) of the directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer."

The device element of Mr Yam's trade mark is not so insignificant that it will not be noticed by the average consumer. The respective trade marks are not identical.

65) The TAO element of the respective trade marks is identical. Owing to its distinctive and dominant position in the trade mark of Mr Yam and its distinctive

and overwhelmingly dominant position in Asia's trade marks, the respective trade marks are visually and phonetically similar to a high degree.

66) Ms Harris argued that, owing to the TAO element, the respective trade marks are conceptually similar. The question of the conceptual similarity is based upon the perception of the average, relevant consumer. There is nothing to suggest that the average, relevant consumer for the services of the application and the earlier registration will know that TAO has a meaning, let alone what that meaning is. As the matter must be considered through the eyes of the average, relevant consumer the TAO element is effectively an invented word and so for this consumer is devoid of meaning, consequently there is neither conceptual similarity nor dissimilarity.

67) The respective trade marks are similar to a high degree.

Comparison of services

68) Certain of the principles in relation to the meaning of specifications has been dealt with above. In addition, consideration should be given as to how the average consumer would view the services^{xvi}. The class of the services in which they are placed is relevant in determining the nature of the services^{xvii}.

69) Services can be considered as being identical when the services designated by the earlier trade mark are included in a more general category in the specification of the later trade mark^{xviii}.

70) The respective specifications (for the purposes of this opposition) are:

| | |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Chinese restaurant services; but not including any such services relating to alcoholic beverages.</i> | <i>nightclub services; preparation of food and drink; catering services; restaurant services; café and cafeteria services; snack-bar services; fast-food restaurant services; take-away services; bar services; wine bar services; cocktail bar services.</i> |
|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

71) In assessing the similarity of services it is necessary to take into account, inter alia, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary^{xix}. In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, Jacob J also gave guidance as to how similarity should be assessed^{xx}.

72) *Preparation of food and drink; restaurant services; fast-food restaurant services; take-away services* will encompass the service of the earlier registration

and so must be considered to be identical. *Café and cafeteria services*, if they do differ from the services of the earlier registration, only do so in relation to the exact nature of the premises from which the services are delivered. Any difference between the aforementioned services and those of the earlier registration are only of the most nuanced nature. If *café and cafeteria services* are not identical to the services of the earlier registration, they are similar to the highest possible degree. *Catering services* will include services supplied at sporting venues and events such as music festivals. Such services could include the furnishing of Chinese food, which of its nature is a “fast food”. Differences between the services of the registration and *catering services* are very limited, the respective services are identical in every way except possibly from the premises from which the services are performed. *Catering services* are highly similar to the goods of the earlier registration. *Snack-bars* and the services of the earlier registration coincide in the following areas: their purpose is the same – to supply sustenance, the end user is the same – someone who wishes to satiate their hunger, their nature is the same – the supplying of food, they are in competition – the prospective client could choose to eat in a restaurant or from a snack-bar, many of which have areas of temporary seating. *Snack-bar services* and the services of the earlier registration are highly similar.

73) Ms Cameron submitted that the remaining class 43 services of the application could not be similar to the services of the earlier registration as the former all involved the supply of alcoholic beverages whilst such services are excluded in the specification of the earlier registration. The remaining services, however, will also furnish non-alcoholic beverages. All three of the services will often include the provision of meals and so they can be in competition with the services of the earlier registration. The user of the remaining class 43 services could primarily be using them in order to satiate hunger, and so the end user may be the same. The provision of food is an important element in the licensed trade, in the market place there is a considerable area of overlap between the remaining class 43 services and restaurant services. Many people who are tea total use *bar services*, *wine bar services* and *cocktail bar services* primarily to eat (and to drink non-alcoholic beverages). Consequently, the respective services are in competition to some extent. It would be the most unnatural reading of the specification to interpret it as meaning that the respective services could only provide alcoholic beverages, wine and cocktails respectively. I am not aware of any businesses that operate with such a restriction. The services of the earlier registration are restricted to Chinese restaurant services. It is not unusual for licensed premises of various types to supply ethnic food whether that be Chinese, Indian or Italian. They might not supply such food exclusively but equally Chinese restaurants will often have British food on the menu; for those in parties of diners who do not like Chinese food. There is a good deal of similarity between *bar services*; *wine bar services*; *cocktail bar services* and the services of the earlier registration.

74) In relation to *nightclub services* it is necessary to ascertain what this term means. The term covers services that will offer various activities. Below are listed three dictionary definitions of nightclub:

Chambers 21st Century Dictionary:

“entertainment, etc. Derivatives nightclubber noun a patron of a nightclub. nightclubbing noun dancing, drinking and sometimes dining at a nightclub.”

The Penguin English Dictionary:

“...noun a place of entertainment open at night that usu has a disco and a bar floor show, provides music and space for dancing, and usu serves drinks and food nightclubber noun nightclubbing noun.”

Merriam-Webster's Collegiate(R) Dictionary:

“...noun (1894) : a place of entertainment open at night usually serving food and liquor and providing music and space for dancing and often having a floor show.”

75) One may need to be wary of dictionary definitions at times but in this case all three dictionaries concur that food may be served at nightclubs. The dictionary definitions conform to my own experience. There are nightclubs that primarily provide loud music, dancing and beverages. Other types of establishment will have music and beverages but also either integrated or discrete dining areas. The dividing line between some nightclubs and bars of various sorts is very fine and exists more in the word chosen than the services provided. All three types of undertakings could supply beverages, food and musical entertainment, whether that be live, recorded or in the form of karaoke. Asia's evidence at KC5 shows that the restaurant and nightclub flow into each other, as do the pages from Asia's website exhibited at HKY12. This is United States usage and so not necessarily indicative of the position in the United Kingdom. Included in the latter exhibit are pages from the websites of Loc Locos, Sugar Reef, Storm, Zoo and Café de Paris which show that there is no clear demarcation between restaurant services and nightclub services. The printouts exhibited at HKY12 were downloaded on 19 March 2009, I doubt that between 18 January 2008 and 19 March 2009 the pattern of trade suddenly changed.

76) However, this is an issue of similarity of services within the context of the classification system. It is necessary to consider not what night club services encompass generally but what they encompass in the specific parameters of a specification in class 41.

77) The comparison is to be made between *nightclub services* and *Chinese restaurant services but not including any such services relating to alcoholic beverages*, not restaurant services at large. It is necessary to take into account

in which class the services are (as per *Altecnic*) and to avoid being misled by the norms of the trade. The *nightclub services* in class 41 do not encompass **any** services for providing food and drink, which are in class 43. The services in class 41 only encompass the entertainment part of the *nightclub services*. The basis of Mr Yam's case is that nightclubs provide meals but the services the subject of the application do not encompass the provision of any food or drink. Consequently, one has an entertainment service furnished in a nightclub against *Chinese restaurant services but not including any such services relating to alcoholic beverages*. As per *Avnet Incorporated v Isoact Ltd* a wide construction should not be given to the term. Taking into account the class in which the services are and the restriction that this applies to them, whatever the norms of the trade, within the parameters of the case law the only possible area in which the respective services could coincide is in relation to complementarity, as the provision of food is out of the equation owing to the class.

78) The concept of the complementary nature of goods and/or services has been dealt with by the GC on a number of occasions. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T- 325/06 the GC stated:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 *P Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

Chinese restaurant services but not including any such services relating to alcoholic beverages are not indispensable or important for the provision of *nightclub services*. They are not complementary.

79) If Asia's trade mark is registered in class 41 it is not gaining any rights in relation to the supply of food and/or beverages. This divide might appear artificial but it is born of the nature of the classification system and is a real divide. It is not possible to make a comparison with services that are not encompassed by the class.

80) The nature of the *nightclub services* encompassed by class 41 means that such services are not similar to the services of the earlier registration.

Conclusion

81) Where I have found that the respective services are not similar there cannot be a likelihood of confusion. Consequently, there is no likelihood of confusion in relation to *nightclub services*.

82) In considering whether there is a likelihood of confusion various factors have to be taken into account. There is the interdependency principle – a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa^{xxi}. In this case there is a high degree of similarity between the trade marks and the respective class 43 services are either identical or similar to a significant degree.

83) It is necessary to consider the distinctive character of the earlier trade mark; the more distinctive the earlier trade mark (either by nature or nurture) the greater the likelihood of confusion^{xxii}. The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public^{xxiii}. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods from those of other undertakings^{xxiv}.

84) Asia has argued that the TAO element of Mr Yam's trade mark lacks distinctiveness. It has put in state of the register evidence. It is what is happening in the market place that is of importance not what is sitting on trade mark registers, as per the judgments of Jacob J in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 28 and the GC in *Zero Industry Srl v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-400/06* and *GfK AG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-135/04*. In this case the state of the register evidence does not even identify the specific services covered by the trade marks, many of the trade marks simply have the letters TAO appearing in them but they would not be seen as a separate element within the trade marks. The state of the register evidence is not relevant.

85) Asia argues that others use TAO as a trade mark for restaurant services. The Internet evidence, from after the material date, shows that one TAO restaurant was operating in London and another in Glasgow. It is established that at the material date there was a restaurant operating under the name TAO in London. In the witness statement of Ms Cameron the argument appears to be that TAO in respect of the services is non-distinctive, based on the state of the register evidence and the existence of another restaurant trading under the name TAO in London. In order for this use to effect distinctiveness it must be established that it has caused the average consumer to give no trade mark

significance to the sign TAO in relation to restaurant services, there is no evidence of this. An analogous argument was run before Floyd J in *Nude Brands Limited v Stella McCartney Limited and others* [2009] EWHC 2154 (Ch). He commented:

“29. Whilst the use by other traders of the brand name NUDE in relation to perfume may give those traders relative rights to invalidate the mark, it does not give those rights to any defendant. I am not at this stage persuaded that this evidence has a bearing on any absolute ground of invalidity. It certainly does not go as far as establishing ground 7(1)(d) - customary indication in trade. Ground 7(1)(b) is concerned with the inherent character of the mark, not with what other traders have done with it. The traders in question are plainly using the mark as a brand name: so I do not see how this use can help to establish that the mark consists exclusively of signs or indications which may serve to indicate the kind or quality or other characteristics of the goods, and thus support an attack under 7(1)(c).”

At the hearing Ms Cameron seemed to take a different tack. Arguing that if Mr Yam could tolerate one undertaking trading with the name TAO he could tolerate another. This is a matter for Mr Yam to decide and by filing the opposition he has shown that he is not happy for Asia to register its trade mark. The question is not as to whether Mr Yam should tolerate another undertaking under a similar trade mark but whether there is a likelihood of confusion.

86) It is necessary to consider the distinctiveness of Mr Yam's trade mark as a whole. In relation to Chinese restaurant services the Chinese character is likely to be viewed as decoration underlining the nature of the cuisine and, in the context of the trade mark as whole, will not have a major impression on the perception and memory of the average consumer. TAO is not a word that is known to the average, relevant consumer. It is neither descriptive nor allusive to the services. Although it is not an invented word, for the average, relevant consumer it will be seen as such, as this person will give it no meaning. Taking into account the position on the word TAO (slightly stylised) in the trade mark, the nature and size of the Chinese character, I consider that the trade mark of Mr Yam will fulfil its rôle as defined by the GC in *Rewe Zentral AG v OHIM (LITE)*. The trade mark has a good degree of inherent distinctiveness. Taking into account the extent of use of the trade mark, in terms of turnover and geographical spread, the distinctiveness is not enhanced by the use.

87) Even if Asia's argument in relation to the claim that the TAO element of Mr Yam's trade mark lacked distinctiveness this would not affect the outcome in relation to likelihood of confusion. In *Zero Industry Srl v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-400/06 the GC was seized with similar claims:

“71 In addition, the weak distinctive character of an element of a compound mark does not necessarily imply that that element cannot constitute a dominant element since – because, in particular, of its position in the sign or its size – it may make an impression on consumers and be remembered by them (judgment of 16 May 2007 in Case T-491/04 *Merant v OHIM – Focus Magazine Verlag (FOCUS)*, not published in the ECR, paragraph 49). It should be added that, as regards the earlier marks, in so far as they comprise a single verbal element, the argument that that word has become common is not relevant for the purposes of the comparison of the signs at issue (see, to that effect, *Limoncello della Costiera Amalfitana shaker*, cited in paragraph 44 above, paragraph 37).

74 Third, as regards the applicant's claim that the earlier marks have weak distinctive character, it should be held that accepting that the earlier mark has a weak distinctive character does not prevent the finding in the present case that there is a likelihood of confusion. Although the distinctive character of the earlier mark must be taken into account when assessing the likelihood of confusion (see, by analogy, *Canon*, cited in paragraph 32 above, paragraph 24), it is only one factor among others involved in that assessment. Thus, even in a case involving an earlier mark of weak distinctive character, there may be a likelihood of confusion on account, in particular, of a similarity between the signs and between the goods or services covered (see judgment of 12 November 2008 in Case T-210/05 *Nalocobar v OHIM – Limiñana y Botella (Limoncello di Capri)*, not published in the ECR, paragraph 51 and the case-law cited).

75 In addition, granting excessive importance to the fact that the earlier mark has only a weak distinctive character would have the effect that the factor of the similarity of the marks would be disregarded in favour of the factor based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the signs at issue. Such a result would not, however, be consistent with the very nature of the global assessment which the competent authorities are required to undertake by virtue of Article 8(1)(b) of Regulation No 40/94 (see *Limoncello di Capri*, cited in paragraph 74 above, paragraph 52 and the case-law cited). “

The position advanced by Asia is also opposed to the judgment of the ECJ in *L'Oréal SA v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case C-235/05 P:

“45 The applicant's approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the

distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing considerations and not that that difference denoted goods from different traders.”

88) In her statement Ms Cameron comments upon the absence of confusion between the business of Asia and that of Mr Yam. As Mr Yam’s business is in Buckinghamshire and Asia’s in the United States of America, the absence of evidence of confusion is hardly surprising. I doubt that if the average, relevant consumer was reading the *New York Times*, that they would assume a connection between a restaurant in Beaconsfield and one in Las Vegas. The registrar’s view of the claim of lack of confusion in the marketplace was, inter alia, the subject of Tribunal Practice Notice TPN 4/2009^{xxv}.

89) In *New Look Ltd v Office for the Harmonization in the Internal Market (Trade Marks and Designs)* Joined Cases T-117/03 to T-119/03 and T-171/03 the GC stated:

“49 However, it should be noted that in the global assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing signs do not always have the same weight. It is appropriate to examine the objective conditions under which the marks may be present on the market (*BUDMEN*, paragraph 57). The extent of the similarity or difference between the signs may depend, in particular, on the inherent qualities of the signs or the conditions under which the goods or services covered by the opposing signs are marketed. If the goods covered by the mark in question are usually sold in self-service stores where consumer choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any aural similarity between the signs.”

In this case, as decided above, it is the visual aspect of the opposing signs that is of the greatest importance, although the aural aspect is not of negligible importance.

90) The ECJ in *Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) v Shaker di L Laudato & C Sas* Case C-334/05 P stated:

“41 It is important to note that, according to the case-law of the Court, in the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components (see order in *Matratzen Concord v OHIM*, paragraph 32; *Medion*, paragraph 29).

42 As the Advocate General pointed out in point 21 of her Opinion, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element.”

In *Medion AG v Thomson multimedia Sales Germany & Austria GmbH* Case C-120/04 the ECJ stated:

“30 However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

31 In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.

32 The finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark.

33 If such a condition were imposed, the owner of the earlier mark would be deprived of the exclusive right conferred by Article 5(1) of the directive even where the mark retained an independent distinctive role in the composite sign but that role was not dominant.”

91) TAO in the trade mark of Mr Yam does have a distinctive and independent rôle. Not only a distinctive and independent rôle but also a dominant rôle. In the trade mark of Asia the sole distinctive element is the word TAO. The Chinese character in Mr Yam's trade mark and the words ASIAN BISTRO in the trade mark of Asia do not take away the significance of the TAO element in both trade marks.

92) In relation to the class 43 services of the application there is a likelihood of confusion and the application is to be refused in respect of the class 43 services.

Costs

93) Ms Harris submitted that the costs award should take into account that Asia had requested a hearing, whilst Mr Yam was content for a decision to be made from the papers. Parties have a right to a hearing. If requesting a hearing was to give rise to costs, additional to those granted for attending the hearing, this would be to effectively apply a fetter to the right. The right cannot be fettered. Ms Cameron commented that there was no requirement for Mr Yam to be represented at the hearing. This is clearly the case, written submissions could have been submitted. Indeed, submissions were put in on behalf of Mr Yam in a letter dated 6 November 2009, upon which he could have relied. It is not unusual for only one party to attend a hearing. Submissions were made in relation to costs for an interlocutory hearing that was held on 16 April 2009 in relation to a request for an extension of time by Mr Yam to file evidence. The extension was granted. The issue of costs for the interlocutory hearing was held over until the conclusion of the proceedings. I have reviewed the facts and findings of the case. The challenge to the granting of the extension of time was not unreasonable, even if it did fail. The reasons for the challenge and the success of Mr Yam in seeking the indulgence are reasonably balanced and so I consider that each party should bear its own costs in relation to the hearing. Ms Harris also commented upon the differences between the size and wealth of the parties, Mr Yam being an individual. The scale of costs cannot become hostage to the presumed net worth and resources of the parties.

94) In *West t/a Eastenders v Fuller Smith Turner PLC* [2004] FSR 32 Pumfrey J stated:

“11 Secondly, if the judge was minded to proceed on the basis that one party rather than the other was the winner, on a particular issue, then bearing in mind the thrust of the CPR Rules, the judge should, in my view, have looked at the matter of success on an issues basis, and awarded proportions of costs accordingly. I have sympathy with the judge because, judging as best I can from the skeleton argument, neither party put it to the judge that they were entitled to a proportion only of costs of trial. The judge, therefore, had to do the best he could. But as I see it, under the

CPR, where each side has won on significant issues, the judge should look to see whether justice can be done on an issues basis.”

On an issue by issue basis, Mr Yam succeeded partially under section 5(2)(b) of the Act and failed under sections 5(3) and 5(4)(a) of the Act. Mr Yam was put to proof of use of his trade mark and so he had to file evidence, so the failed grounds did not put Asia to much greater effort in considering the evidence. The breadth of services covered under class 43 of the application are wider than those under class 41 and so in terms of success in relation to the final outcome, Mr Yam has been more successful than Asia.

95) Taking all of the above factors into account each party should bear their own costs.

Dated this 23 day of March 2010

David Landau
For the Registrar
the Comptroller-General

ⁱ Section 6A of the Act reads:

“(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4)(relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

ⁱⁱ See the decision of the Advertising Standards Authority in Cool Diamonds.com Ltd case:

“Ad

A national press ad, for a diamond dealership, stated "Europes largest on-line jewellers. With over 5 million hits each month this website has revolutionised the way we buy diamonds.

Issue

H. Goldie & Company objected that the claim "over 5 million hits each month" misleadingly implied that more than five million people visited the website each month.

The CAP Code: 3.1;7.1

Response

Cool Diamonds said because the internet was such an important part of people's lives today, they believed readers who were interested in buying their product over the internet would know that a hit was a request for information rather than a unique visitor. They said hits were relevant to their business because they reflected the interest generated by their website.

They highlighted a previous ASA adjudication in which a similar complaint had been not upheld. Cool Diamonds said they hosted their servers themselves and kept a log of all the hits on those servers. They said the log recorded information including the IP address which in some cases could identify the actual computer that an individual used to access the Cool Diamond website. They said that because of data

protection laws those logs were only kept for a few days to ensure that they kept that private information for the minimum amount of time needed.

Assessment

Upheld

The ASA noted Cool Diamonds kept a log of all the 'hits' to their website on their servers. We noted they had used the 'hits' figure because they believed it was an accurate reflection of the interest generated by their website. We acknowledged their point that a previous ASA adjudication had considered that the term 'hits' was unlikely to mislead readers.

We noted 'hits' referred to the number of items, such as files or images, retrieved from a website and that it was not equivalent to the number of pages viewed by a user or the number of visitors. We noted the more files or images present on a certain webpage, the more 'hits' the website received, which meant that one visitor could generate a high number of hits. We understood that 'hits' was not recognised as a measurement of website traffic by the Joint Industry Committee for Web Standards in the UK (JICWEBS); it only recognised measurements of unique users, page impressions or visits. We also noted the Institute of Direct Marketing website stated "Hit - a highly contentious term that rarely indicates the number of visitors to a website ... So from a marketing point of view, the bottom line is that the hits are misleading - they are never synonymous with the number of site visitors or page-views".

We considered that readers were likely to understand that the claim "5 million hits" was a reference to the websites popularity and that hits was a reliable measure of that popularity. We considered that some readers might go so far as to infer that each month Cool Diamonds had five million visitors or that five million web pages had been viewed by visitors. Because the number of hits a website received was unlikely to reflect, or be a reliable measure of, the number of visitors to the site or pages viewed, we concluded that the claim was likely to mislead readers into thinking the website was more popular than it was.

The ad breached CAP Code clause 7.1 (Truthfulness).

Action

The ad must not appear again in its current form.”

ⁱⁱⁱ In relation to this see the decision of Mr Geoffrey Hobbs QC, sitting as the appointed person, in *Croom's Trade Mark Application* [2005] RPC 2:

“45 I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user's rights;
- (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.”

^{iv} *Animal Trade Mark* [2004] FSR 19:

“20 The reason for bringing the public perception in this way is because it is the public which uses and relies upon trade marks. I do not think there is anything technical about this: the consumer is not expected to think in a pernickety way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. Thus, for instance, if there has only been use for three-holed razor blades imported from Venezuela (Mr

T.A. Blanco White's brilliant and memorable example of a narrow specification) "three-holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods--are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made."

^v *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32:

"29 I have no doubt that Pumfrey J. was correct to reject the approach advocated in the Premier Brands case. His reasoning in paras [22] and [24] of his judgment is correct. Because of s.10(2), fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out, to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take, for instance, a registration for "motor vehicles" only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under s.10(1). That might be understandable having regard to the similarity of goods. However, the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under s.10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J. to "dig deeper". But the crucial question is--how deep?

30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?

31 Pumfrey J. in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under s.10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use."

^{vi} *General Motors Corporation v Yplon SA* Case C-375/97 [2000] RPC 572.

^{vii} Primrose Mroczkowski in "*THE CAT, THE DOG, THE RAT AND THE RABBIT*": *IDENTIFYING AND VALUING "GOODWILL" AFTER FC OF T V MURRY* – *Journal of Australian Taxation* July/August 1999:

"This is a reference to the zoological classification of custom (or goodwill) into those categories in *Whiteman Smith Motor Co v Chaplin* [1934] 2 KB 35, 42 ("*Whiteman*"). The cat, rat and dog

classification appears to be the work of a counsel in the case, a Mr SPJ Merlin. Maugham LJ, a judge in *Whiteman*, introduced the rabbit classification. When referring to this classification. Rich J in *FC of T v Williamson* (1943) 67 CLR 561, 564 ("*Williamson*") held that "[t]he cat prefers the old home to the person who keeps it, and stays in the old home although the person who has kept the home leaves, and so it represents the customer who goes to the old shop whoever keeps it, and provides the local goodwill. The faithful dog is attached to the person rather than to the place; it will follow the outgoing owner if he does not go too far. The rat has no attachments, and is purely casual. The rabbit is attracted by mere propinquity. It comes because it happens to live close by and it would be more trouble to go elsewhere. These categories serve as a reminder that the goodwill is a composite thing referable in part to its locality, in part to the way in which it is conducted and the personality of those who conduct it, and in part to the likelihood of competition, many customers being no doubt actuated by mixed motives in conferring their custom." In *Kirby v Thorn EMI Pty Ltd* [1987] BTC 462, 468. Thorn EMI's reputation in certain trades was described as "dog" goodwill as distinct from "cat, rat or rabbit" goodwill."

^{viii} *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77.

^{ix} *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

^x *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

^{xi} *Sabel BV v Puma AG* [1998] RPC 199.

^{xii} *Sabel BV v Puma AG* [1998] RPC 199.

^{xiii} *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77.

^{xiv} *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02.

^{xv} *Société des Produits Nestlé SA c Office de l'harmonisation dans le marché intérieur (marques, dessins et modèles) (OHMI)* Case C-193/06:

35 En particulier, la Cour a jugé à cet égard que, dans le cadre de l'examen de l'existence d'un risque de confusion, l'appréciation de la similitude entre deux marques ne peut se limiter à prendre en considération uniquement un composant d'une marque complexe et à le comparer avec une autre marque. Il y a lieu, au contraire, d'opérer la comparaison en examinant les marques en cause considérées chacune dans son ensemble (voir, en ce sens, ordonnance *Matratzen Concord/OHMI*, précitée, point 32, ainsi que arrêts précités *Medion*, point 29, et *OHMI/Shaker*, point 41).

41 Certes, au point 50 de l'arrêt attaqué, le Tribunal a examiné l'importance de l'élément figuratif propre à la marque demandée par rapport à son élément verbal. Toutefois, ayant constaté que cet élément figuratif n'est pas dominant par rapport à l'élément verbal, en ce sens que son intensité est égale ou inférieure à l'élément verbal et que ce dernier ne saurait donc être considéré comme subsidiaire ou négligeable, il a estimé pouvoir conclure à l'existence d'une similitude visuelle entre les signes en cause sur le seul fondement de la similitude des éléments verbaux, sans examiner, à ce stade ultime de son appréciation sur ce point, l'impression d'ensemble résultant, pour la marque demandée, de la combinaison d'un élément verbal et d'un élément figuratif.

42 Il est vrai que, selon la jurisprudence, l'impression d'ensemble produite dans la mémoire du public pertinent par une marque complexe peut, dans certaines circonstances, être dominée par un ou plusieurs de ses composants (voir, en ce sens, ordonnance *Matratzen Concord/OHMI*, précitée, point 32, et arrêts précités *Medion*, point 29, ainsi que *OHMI/Shaker*, point 41).

43 Toutefois, ainsi que la Cour l'a déjà jugé, ce n'est que si tous les autres composants de la marque sont négligeables que l'appréciation de la similitude pourra se faire sur la seule base de l'élément dominant (arrêt OHMI/Shaker, précité, point 42). Tel pourrait notamment être le cas, ainsi que le Tribunal l'a relevé au point 47 de l'arrêt attaqué, lorsqu'un composant d'une marque complexe est susceptible de dominer à lui seul l'image de cette marque que le public pertinent garde en mémoire, de telle sorte que le ou les autres composants de cette marque est ou sont négligeables dans l'impression d'ensemble produite par celle-ci.

46 Il en résulte que l'appréciation opérée par le Tribunal repose, aux points 48 à 50 de l'arrêt attaqué, sur la présomption selon laquelle, lorsqu'une marque complexe est composée à la fois d'un élément verbal et d'un élément figuratif, et que ce dernier est d'une intensité égale ou inférieure au premier, l'appréciation de la similitude visuelle des signes en cause peut être établie sur la seule base de la similitude des éléments verbaux, de sorte que, à intensité égale, ce sont uniquement ces derniers qui déterminent la similitude visuelle desdits signes.

47 Il s'ensuit que le Tribunal, en n'ayant pas apprécié la similitude visuelle des signes en cause sur la base de l'impression d'ensemble produite par ceux-ci, a méconnu l'article 8, paragraphe 1, sous b), du règlement n° 40/94 et que, partant, les points 48 à 50 de l'arrêt attaqué sont, à cet égard, entachés d'une erreur de droit.

^{xvi} *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 dealt with a non-use issue but are still pertinent to the consideration of the meaning and effect of specifications:

"In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use"

^{xvii} *Altecnic Ltd's Trade Mark Application* [2002] RPC 34.

^{xviii} See *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-133/05 paragraph 29:

"In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T-110/01 *Vedial v OHIM – France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T-10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42)."

The above is a translation from the French. There is no variation in the judgment in French:

"29 En outre, des produits peuvent être considérés comme identiques lorsque les produits que désigne la marque antérieure sont inclus dans une catégorie plus générale visée par la demande de marque [arrêt du Tribunal du 23 octobre 2002, Institut für Lernsysteme/OHMI – Educational Services (ELS), T 388/00, Rec. p. II 4301, point 53], ou lorsque les produits visés par la demande de marque sont inclus dans une catégorie plus générale visée par la marque antérieure [arrêts du Tribunal du 23 octobre 2002, Oberhauser/OHMI - Petit Liberto (Fifties), T 104/01, Rec. p. II 4359,

points 32 et 33 ; du 12 décembre 2002, Vedral/OHMI - France Distribution (HUBERT), T 110/01, Rec. p. II 5275, points 43 et 44, et du 18 février 2004, Koubi/OHMI - Flabesa (CONFORFLEX), T 10/03, Rec. p. II 719, points 41 et 42].”

This is also the position of Professor Annand, sitting as the appointed person in *Galileo International Technology LLC v Galileo Brand Architecture Limited* BL 0/269/04:

“13. I agree with Mr. Onslow that the issue raised by this appeal is whether, when considering the test of identity for section 5(1), it is sufficient that goods or services overlap or must they be co-extensive. Like Mr. Onslow, I am unaware of any authority supporting a co-extensive test. Kerly’s Law of Trade Marks and Trade Names, 13th Edition, states at para. 8-10:

“... the goods or services must be the same as those the subject of the earlier trade mark. Although not explicit, it would seem that this provision can only sensibly be interpreted as prohibiting registration where there is an overlap of goods or services.”

A footnote indicates that such interpretation is in accordance with Article 13 of Council Directive 89/104/EEC. Although not expressly included, it is well established that the TMA must be read subject to Article 13, which provides:

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

14. The equivalent to section 5(1) in Council Regulation (EC) No. 40/94 on the Community trade mark (“CTMR”) is Article 8(1)(a). Mr. Onslow referred me to two decisions of the Opposition Division of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”) concerning Article 8(1)(a) of the CTMR where identity of goods and services was found to subsist through overlaps in specifications. In WALLIS, Decision No. 1978/2004, identity was found inter alia between Class 14 specifications even though the contested CTM application covered additional goods in that class. The Opposition Division said:

“There is identity between the goods or services that are subject to comparison if they either have the same wording or can be considered synonyms. The identity is also found if the specification of the earlier mark includes a generic term that covers the specific goods of the contested application. Similarly if the goods specifically designated in the earlier mark are covered by a generic term used in the contested application, such goods are identical, to the degree that they are included in the broad category. Finally, in case that the goods in question overlap in part they are also to be considered as identical.”

A similar decision was arrived at in PACE, Decision No. 1033/2003. Again, the Class 41 services in the CTM application were wider than those in the earlier CTM registration. In addition, there was held to be identity between some of the applicant’s Class 42 services namely, “computer programming; providing of expert opinion”. The opponent’s registration was in respect of “consulting services related to improving and expediting product development, industrial research services, computer programming services” in Class 42. The Opposition Division observed:

“In particular, the applicant’s expression providing of expert opinion in class 42, is broad enough to encompass any consulting services registered by the opponent in class 42, which makes them equivalent to the extent that the one includes the other.”

15. The overlap test for identity of goods and services is also applied by the OHIM in connection with priority and seniority claiming under Articles 29, and 34 and 35 of the CTMR respectively. Indeed, it is recognised that partial priority claiming (i.e. where the subsequent application is for a

narrower or wider specification than in the application(s) from which priority is claimed) is a possibility under section 33 of the TMA, which speaks of a right of priority "for some or all of the same goods or services" in a Convention application.

16. I believe that overlapping specifications satisfy the test for identical goods or services in section 5(1) of the TMA. There is no necessity for such specifications to co-extend."

I do not consider that the judgment of Norris J is in *Budejovický Budvar, národní Podnik v Anheuser-Busch Inc* [2008] EWHC 263 (Ch) is in conflict with the above. In that case he stated:

"41. There is however one respect in which this appeal succeeds. AB's application for a declaration of invalidity extended to the whole of BB's registration in respect of "beer ale and porter; malt beverages;" (although its own registration related only to "beer ale and porter"). In his decision the Hearing Officer regarded it as obvious that in respect of "beer, ale and porter" the respective specifications encompassed the same goods (and the contrary has not been argued before me). He said:-

"The only possible area of contention is the description "malt beverages" in the mark in suit. The term covers all beverages made with malt, including "malt beers" and the like. Accordingly the specification of the registration that is the subject of these proceedings is covered in its entirety by the specifications of [AB's] earlier mark"

This is a determination of a mixed question of fact and law which I must approach with caution. But in my judgement this passage discloses an error of principle. AB's earlier mark covered only "beer, ale and porter". BB's included "malt beverages". The specification of AB's earlier mark simply did not cover entirely the specification of the mark in suit. It is necessary to decide whether "malt beverages" can only be "beer ale and porter", or whether "malt beverages" can include goods which are not identical with or similar to "beer ale and porter".

42. I do not consider that "malt beverages" can only be (and are therefore identical with) "beer ale and porter". The form of the specification would indicate that "beer, ale and porter;" is one category and "malt beverages" another, with possibly an overlap between the two. One is not simply an alternative description for the other."

In the above judgment Norris J was considering whether the respective goods could be described as being identical, not whether they should be considered to be identical. There is a deal of difference between stating that goods **are** identical and stating that they are considered to be identical.

If one did not follow the principles laid down by the CFI and Professor Annand considering similarity of goods in certain cases would become virtually impossible. If, for example, an earlier registration was for wedding dresses and an application for clothing one would have to consider the degree of similarity between the former goods and every potential product covered by the term clothing as there would be varying degrees of similarity and the global appreciation of the likelihood of confusion requires consideration of the degree of similarity between goods and/or services.

An applicant has plenty of time to amend a specification which includes a portmanteau term so that the term list services which are of specific interest. If the applicant does not do so then it must expect to bear the consequences.

^{xix} *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

^{xx} He considered that the following should be taken into account when assessing the similarity of goods and/or services:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

^{xxi} *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

^{xxii} *Sabel BV v Puma AG* [1998] RPC 199.

^{xxiii} *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91.

^{xxiv} *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

^{xxv} The relevant part of the notice reads:

“Reliance on the Absence of Confusion in the Marketplace

6. Parties are also reminded that claims as to a lack of confusion in the market place will seldom have an effect on the outcome of a case under section 5(2) of the Act.

7. In *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 Laddie J held:

“22. It is frequently said by trade mark lawyers that when the proprietor’s mark and the defendant’s sign have been used in the market place but no confusion has been caused, then there cannot exist a likelihood of confusion under Article 9.1(b) or the equivalent provision in the Trade Marks Act 1994 (“the 1994 Act”), that is to say s. 10(2). So, no confusion in the market place means no infringement of the registered trade mark. This is, however, no more than a rule of thumb. It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer’s use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place.”

8. (In *Rousselon Freres et Cie v Horwood Homewares Limited* [2008] EWHC 881 (Ch) Warren J commented:

“99. There is a dispute between Mr Arnold and Mr Vanhegan whether the question of a likelihood of confusion is an abstract question rather than whether anyone has been confused in practice. Mr Vanhegan relies on what was said by Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at paragraphs 22 to 26, especially paragraph 23. Mr Arnold says that that cannot any longer be regarded as a correct statement of the law in the light of *O2 Holdings Ltd v Hutchison 3G Ltd* [2007] RPC 16. For my part, I do not see any reason to doubt what Laddie J says....”)

9. In *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283 Millett LJ stated:

“Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff's registered trade mark.”