

**TRADE MARKS ACT 1938 (AS AMENDED) AND
TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATIONS NOS. 1588057 AND 1588224
BY FINNEGANS FAMOUS CAKES LTD
TO REGISTER MARKS IN CLASS 30**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NOS. 44067 & 44068
BY SWEET STREET DESSERTS INC.**

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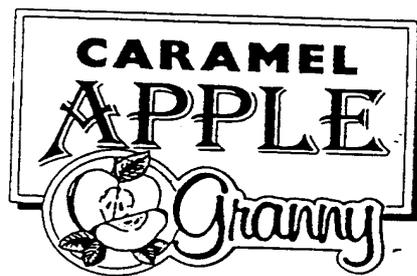
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**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 44067 & 44068
BY SWEET STREET DESSERTS INC.**

DECISION

On 17 October 1994 Finnegans Famous Cakes Ltd applied to register the mark CARMEL APPLE GRANNY. On the same day the same company also applied for the following mark:



Nothing turns on the device element of the second application (the only point of difference between the applications).

In each case the specification of goods reads:

“Bakery products; confections made with flour or with cereals; cakes, gateaux, desserts, puddings, pies, pastries, biscuits and cookies; bars and slices, all being foodstuffs; confectionery; ice cream, ice cream products and frozen confections; ice cream cakes; all consisting of, containing, flavoured with and/or having the flavour of caramel and apples; all included in Class 30”.

The applications are numbered 1588057 and 1588224 respectively.

On 8 February 1996 Sweet Street Desserts, Inc. filed notice of opposition to both the above applications. The grounds in each case are in summary

- (i) under Section 11 by reason of the opponents’ use of the mark CARMEL

APPLE GRANNY

- (ii) under Section 17 in that the applicants cannot claim to be the proprietor of the marks applied for.

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They also ask that the applications be refused in the exercise of the Registrar's discretion. The opponents have also referred to an application of their own for the words CAMEL APPLE GRANNY and object under Section 12 of the Act. However, as this application (No. 2042276) has a later filing date than the application under attack it cannot form the basis of a Section 12 objection.

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The applicants filed counterstatements denying the above grounds.

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Both sides ask for an award of costs in their favour. Both sides filed evidence. The matter came to be heard on 16 November 1999 when the applicants were represented by Mr A Ashton of Counsel instructed by Hepworth, Lawrence, Bryer & Bizley, Trade Mark Attorneys and the opponents by Mr G Hamer of Counsel instructed by Roystons, Trade Mark Attorneys.

20

By the time this matter came to be decided, the old Act had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. These proceedings having begun under the provisions of the Trade Marks Act 1938 however, they must continue to be dealt with under that Act in accordance with the transitional provisions set out at Schedule 3 of the 1994 Act. Accordingly, all references in this decision are references to the provisions of the old law, unless otherwise indicated.

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The opponents filed separate evidence in chief in respect of each of the oppositions though the content of the evidence was the same. Thereafter the proceedings were formally consolidated. By common consent my decision will apply to both cases.

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Opponents' Evidence

The opponents filed an affidavit by Douglas M Messinger, their Vice President International.

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He says his company was incorporated in 1979. He exhibits a copy of an article dated 26 April 1990 outlining its history and referring to CAMEL APPLE GRANNY. The name was first used in 1988 and is said to have been used continuously since that date in countries such as the USA, Canada, Mexico and various European countries including the UK. Sales have been made to restaurants and various other businesses in the food service sector.

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Turnover under the mark CAMEL APPLE GRANNY is said to have been as follows:

45

	<u>YEAR</u>		<u>US \$</u>
	Financial Year ending 1989	=	482,644
5	... 5 5 1990	=	1,217,245
	5 5 5 1991	=	1,907,047
	5 5 5 1992	=	2,552,542
	5 5 5 1993	=	3,155,940
	5 5 5 1994	=	3,581,275
10	5 5 5 1995	=	3,624,909

Mr Messinger goes on to say

15 “In addition there have been sales of my Company’s aforementioned goods in the United Kingdom under the said Trade Mark CAMEL APPLE GRANNY by one of my Company’s Distributors, namely Joseph Foodservice Inc., and by T.G.I. Fridays, who have both made such sales throughout the United Kingdom (and the EU generally). Details of the approximate annual turnover figures for such sales are as follows:

	<u>YEAR</u>		<u>US \$</u>	
			<u>Joseph Foodservice Inc.</u>	<u>T.G.I. Fridays</u>
	Financial Year ending 1991	=	1361.00	-----
	5 5 5 1992	=	3990.00	30,975.00
	5 5 5 1993	=	1622.00	62,187.00
30	5 5 5 1994	=	1423.00	71,913.00
	5 5 5 1995	=	558.00	89,160.00

35 The major ways of both selling and promoting my Company’s said products are through distributors and by direct sales to large restaurant chains and catering food service businesses. Hence typical customers for my Company’s above CAMEL APPLE GRANNY products are, for example, the buying managers for the large food chain outlets (which in turn give rise to use of the said Mark on the customer menus within restaurants and the like), food brokers, wholesalers and distributors. Thus customers for my Company’s CAMEL APPLE GRANNY products include restaurant chains such as the aforementioned T.G.I. Fridays, the latter possessing at least 20 outlets within the UK, and Planet Hollywood etc.”

45 He exhibits (IIA) brochures for the years 1988/9 to 1995 illustrating use of the mark. These brochures would, he says, have been made available in the UK. The name CAMEL APPLE GRANNY also appears on table cards, menus and a product information guide (Exhibits IIB and IIC).

The products have also been advertised in numerous editions of the publication 'Nation's Restaurant News' which is said to circulate throughout Europe and the UK (Exhibit IID).

5 Mr Messinger goes on to describe a further aspect of the promotion of the brand as a result of which his company came into contact with Mr Finnegan of the applicant company

10 "My Company's main "display case" to the world is the Industry Trade Fair, comprising the National Restaurants Association ("NRA") Exhibition held in Chicago each year at which the major food buyers, producers and other persons/Companies within the food sector all gather, with 200-400 or more people a year attending from the United Kingdom. My Company's CAMEL APPLE GRANNY products have been regularly displayed at such Trade Fairs. In this connection there is now produced and shown to me marked Exhibit III particulars of the numbers of attendees to the
15 aforementioned NRA Exhibition, allocated by virtue of their country of origin. The Exhibit confirms the regular attendance of participants from England, Scotland and Wales to the said Exhibition at which, as indicated, my Company's CAMEL APPLE GRANNY products and literature would be prominently displayed, for each of the years from 1988 onwards.

20 At one NRA Exhibition in 1992 a Mr Christopher Finnegan of the Applicant company visited my Company's product display stand, displaying my Company's CAMEL APPLE GRANNY products and related promotional material, and spoke to Sandy Solmon(sic), the President of my Company, at the stand. In particular, Mr
25 Finnegan stated his desire to become a Licensee for my Company's CAMEL APPLE GRANNY dessert products in the United Kingdom. Subsequently the Applicant for the subject mark applied for registration thereof, which Application comprises that currently under dispute. I would add that the Applicant was not, and is not, Licenced to use my Company's said Trade Mark. As additional evidence of the foregoing there is now produced and shown to me marked Exhibit IV a Statement
30 provided by Sandy Solmon on behalf of the Company, relating to the aforesaid meeting, plus a Statement from Kelly Sholl reporting a subsequent 'phone call from Mr Finnegan on the matter plus a transcript of the telephone conversation between the foregoing parties.

35 It is likely that Mr Finnegan also visited earlier such Trade Fairs at which my Company's CAMEL APPLY GRANNY products would have been displayed."

As a result Mr Messinger suggests that

40 "It is submitted that the above evidence of extensive use and promotional activity by my Company under the mark CAMEL APPLE GRANNY confirms that my Company is the true proprietor of the Mark and furthermore, that the Mark had also become well known to the trade/public prior to the date of the subject Application as denoting my Company's goods alone."
45

Applicants' Evidence

Six statutory declarations have been filed as follows:

5	Stephen Francis Davison	-	16 October 1997
	Christopher James Finnegan	-	24 October 1997
	Andrew David McKenzie Payne	-	16 October 1997
	Philip Gordon Ineson	-	15 October 1997
	Allen George Watts	-	15 October 1997
10	Alfred Allenby Carr	-	16 October 1997

Mr Davison is Director and Company Secretary of the applicant company. He says he has been employed by Sara Lee Bakery since October 1988. The applicants were acquired by Sara Lee UK Holdings PLC on 4 November 1996 with management responsibility passing to the Sarah Lee Bakery UK business unit. Mr Davison took on his current role upon acquisition.

He says the mark CAMEL APPLE GRANNY was first used in the UK in 1991 in relation to the goods of the application though the product was developed prior to that date. He goes on to say

“Finnegans Famous Cakes Limited sells its products to the food service sector which comprises wholesale buying groups in addition to “national accounts” such as major restaurant chains, hotel chains, and pub chains, e.g. Scottish & Newcastle, Whitbread. A list of Finnegans Famous Cakes Limited’s customers purchasing CAMEL APPLE GRANNY at the date of filing of Trade Mark Applications Nos. 1588057 and 1588224 is now shown to me as Exhibit SFD 1 and comprises some 94 individual customers throughout the UK.”

The turnover figures for goods sold in the UK from the date of first use to June 1997 are said to be as follows.

	<u>Period - July to June</u>	<u>Sales</u>	<u>No. of individual pies</u>
35	1991/92	£ 121,000 (est)	16,000 (est)
	1992/93	£ 305,000 (est)	38,000 (est)
	1993/94	£ 604,000 (est)	76,000 (est)
	1994/95	£ 938,500	108,700
	1995/96	£928,800	118,000
40	1996/97	£1,000,600	139,000

He gives details of the major towns and cities where the goods have been sold.

The following sums have been spent in promoting the mark since the date of first use until June 1997:

	<u>Period - July to June</u>	<u>Expenditure</u>
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	1991/92	£1,000
	1992/93	£1,500
5	1993/94	£2,000
	1994/95	£2,500
	1995/96	£2,500
	1996/97	£2,500

10 A footnote explains that “Promotional expenditure has already been deducted from the sales values given above. The above figures are estimated because information on marketing expenditure is not available product by product.”

15 Advertisements mainly appear in wholesaler brochures but have also appeared in the following publications circulated in the UK:

- Caterer and Hotel Keeper
- Frozen and Chilled Foods

20 Sample wholesaler brochures are exhibited - SFD 2(I), SFD 2(ii) and SFD 2(iii).

25 The trade mark is applied to the goods by means of labels on cartons (a sample carton is exhibited at SFD 3), and full colour boxes appear in Cash and Carry outlets (a sample is exhibited SFD 4). The mark is also used in sales literature, price lists, company price lists, customer price lists and in restaurant menus. Sample company price lists and product literature are exhibited at SFD 5.

Mr Davison goes on to comment on the opponents’ position and Mr Messinger’s affidavit. The main points are:

- 30
- S** enquiries initiated by Mr Davison have found no use of the mark CAMEL APPLE GRANNY by any other person or company in the UK. He, therefore denies the opponents’ claims
- 35
- S** Mr Messinger does not provide the date of first use of the mark. It is suggested that his statements are ambiguous and the sales referred to may have taken place elsewhere in the EU
- 40
- S** enquiries made (SFD6) suggest that Joseph Foodservice Inc is not a UK company and it is noted that sales to this company are given in dollars
- 45
- S** similar criticisms are made in relation to sales to TGI Fridays. A menu from the latter at SFD7 shows CAMEL APPLE PIE A LA MODE but not CAMEL APPLE GRANNY. Enquiries suggest that the opponents are not in any case the suppliers of the product. The equivalent product in TGI Fridays in the US is known by a different name (SFD8).

Mr Finnegan was Managing Director of the applicant company until 4 November 1996 when it was acquired by Sara Lee. His evidence goes to the issue of the circumstances of his first contact with the opponents and also use of the mark by the applicants. In relation to the former he says:

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“In the course of my business, I have for many years visited a trade fair known as the National Restaurants Association (“NRA”) Exhibition held in Chicago, USA. In particular, I remember attending the Exhibition in the early 1990s when I became aware of the opponent’s range of desserts.

15
20
I later visited the President of Sweet Street Desserts (Sandy Solmon) at the Reading, Pennsylvania plant of Sweet Street Desserts. During my visit to the plant, I expressed an interest in producing Sweet Street’s range of goods in the UK and Europe under licence. We not only discussed CAMEL APPLE GRANNY, but a co-operation of Sweet Street Desserts and Finnegans Famous Cakes in producing the whole range of desserts in Europe. Since Sweet Street Desserts had no facility in the EU, it was my view that my company could profitably produce and market the Sweet Street range at a much lower price than would be feasible if importing the products from the US. Ms Solmon made it clear that Europe was not a market of interest to her and that Sweet Street had no aspirations to build a plant in Europe. In response to this I informed Ms Solmon that there was nothing to stop another company from copying the Sweet Street range in Europe: Ms Solmon’s answer to this comment was simply a shrug.”

25
Mr Finnegan’s evidence in relation to use of the mark by the applicants either repeats points made by Mr Davison or does not add greatly to the latter’s evidence. He does not recall the exact date of first use by the applicants and says he was not aware of any use of the mark by Sweet Street Desserts or any ‘agent of the same’.

30
Mr Payne is Research and Development Manager for the applicants, a position he has held for 7 years (that is at the time of his declaration in October 1997). His duties include “the development of new product ideas and recipe formulation; the transfer of products from the test bakery to the production facility; and research into product trends and competitors products (and replicating as appropriate)”.

35
He describes development of the CAMEL APPLE GRANNY product in the following terms:-

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“I believe that the Finnegans CAMEL APPLE GRANNY product was first developed in 1990. Now shown to me as Exhibit ADMP1, in support of this assertion, is a copy of a Pointings (formerly Flavex) order form which shows that condensed milk flavour was first ordered on 8 October 1990. This flavour, although now widely used, was first bought for use in CAMEL APPLE GRANNY. The order for 10kg suggests that this was an early order due to its small quantity. However, the product must have been in development some time before this.

I was personally involved in the development of CAMEL APPLE GRANNY. Now shown to me as Exhibits ADMP2 are recipe sheets for the product as used in the

factory dated 20 May 1991 and 28 June 1991. All recipes used in the factory were revised in April/May 1991 to include a new layout for the method.

5 Now shown to me as Exhibit ADMP3 are a number of price lists together with price list information dated between July and October 1992 which show CARMEL APPLE GRANNY as a standard product and not as a *new* product.

10 Now shown to me as Exhibit ADMP4 is a fax, dated 10 December 1992, from Christopher Finnegan (former Managing Director of Finnegans Famous Cakes Limited) to Mr M Schulman of Eli's. In this fax Chris Finnegan speaks of having visited the NRA Exhibition for the last 2 years: thus it is likely that an approach to Ms Solmon(sic) of Sweet Street Desserts Inc concerning CARMEL APPLE GRANNY was made in previous years."

15 The remaining three declarations can be taken together. All three come from individuals who hold positions in food service companies or, in Mr Carr's case, a trade body. The purpose of their declarations is to say that they associate the mark at issue with the applicants and are not aware of any sales to the UK market by the opponents. In addition Mr Carr says he has never heard of Joseph Foodservice Inc or of the opponents themselves.

20 **Opponents' Evidence In Reply**

The opponents filed a further four affidavits as follows:

25	Sandy L Solmon	-	6 May 1998
	Kelly R Sholl	-	6 May 1998
	Russell Philip Kane	-	12 May 1998
	Douglas M Messinger	-	4 August 1998

30 Ms Solmon is President and CEO of Sweet Street Desserts. She gives her version of her first meeting with Mr Finnegan and subsequent developments as follows:

35 "Mr Finnegan and I first met at the National Restaurants Association (NRA) Trade Show in May 1992. Mr Finnegan and I had two conversations: one at the NRA and another via a telephone conversation. The first discrepancy is that neither conversation took place at Sweet Street Dessert's plant in Reading, Pennsylvania, as indicated by Mr Finnegan. The first conversation took place at the NRA on May 16, 1992, during which Mr Finnegan inquired if I would be interested in having Finnegans acting as a licensed manufacturer of our desserts in Europe. My response to him, at that time, 40 was that, "I would gladly talk to him about the possibility". He stated that he would call me to discuss the topic further.

45 At no time have I ever stated that "Europe was not a market of interest to me and that Sweet Street had no aspirations to build a plant in Europe." Mr Finnegan did not inform me that there was nothing to stop another company from copying Sweet Street in Europe. Had Mr Finnegan informed me of this, I would not have "simply shrugged" off this threatening comment especially since I viewed him as a competitor. I take

infringement of our trademark & copyrights very seriously and have pursued several competitors through to mediation, succeeding in having them change the design of their product.

5 As it turns out this is the only meeting we had in person. Several days later, he did call me wanting to come to Sweet Street's premises for a tour. My assistant, Kelly Sholl, who was present at the time of the 'phone call is also able to verify this call. At that time I told him I would love to have him to come to our plant, by which is meant a meeting at the reception/administration area of our Company site, but that I would not
10 allow him in our facility (at which our production is carried out) because he is a competitor. Mr Finnegan never confirmed his appointment nor came to the plant. Of course, we assumed his only desire was to visit our facility and that his previous requests were not genuine since he was a no show."

15 Ms Sholl is Executive Manager of Sweet Street Desserts. She says that:

"On May 20, 1992 at 10.03 am, I took a telephone message from Chris Finnegan for Sandy Solmon, CEO of Sweet Street Desserts. Mr Finnegan stated that he had met Sandy at the NRA and wanted to come to the plant on May 21, 1992 for a plant tour.
20 This was recorded in Sweet Street's computerized Global Phone Base.

I would add that as Sandy Solmon's Assistant, it is my responsibility to greet any visitors for Sandy Solmon. To date, I have never personally met Mr Chris Finnegan nor to the best of my knowledge has he ever actually visited Sweet Street Desserts."
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Mr Kane is a partner in Funnybones a supplier of goods in the food sector. He exhibits (I) a copy of a letter received from the opponents inviting him to complete a questionnaire. The subsequently completed questionnaire is also exhibited (II). In it he confirms that he has been aware of the name CAMEL APPLE GRANNY since 1993/4 and associates it with the
30 opponents.

Mr Messinger's affidavit is a lengthy document running to some 14 pages. It largely reaffirms and summarises other evidence filed in the proceedings. I see no need to repeat this. Some further substantiation and quantification of sales is provided relating to the Canadian and
35 Caribbean markets. The point of this appears to be to demonstrate that UK visitors to these markets will thus have been exposed to the mark. Further information is also provided on direct sales to the UK. I do not propose to record the details as the figures relate to periods after the material date in these proceedings.

40 The remainder of Mr Messinger's affidavit takes the form of a commentary on, or submissions in relation to, the applicants' evidence. I bear all these comments in mind but do not propose to summarise them here.

45 That, therefore, concludes my review of the evidence.

I will deal firstly with the Section 11 objection. The Section reads as follows:

“11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.”

The established test for an objection under this Section is set down in Smith Hayden and Company Ltd’s application (Volume 1946 63 RPC 101) later adapted by Lord Upjohn in the BALI trade mark case 1969 RPC 496. Adapted to the matter in hand the test may be expressed as follows:-

Having regard to the user of the mark CAMEL APPLE GRANNY, is the tribunal satisfied that the marks applied for, if used in a normal and fair manner in connection with any goods covered by the registrations proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?

Note no point was taken at the hearing in relation to the different form in which the applicants’ marks are presented. For ease of reference ‘mark’ below means CAMEL APPLE GRANNY.

Mr Ashton’s position, put briefly, was that the applicants had shown priority of user in this country and that this is sufficient to establish their case under Section 11. He also argued that this factor was relevant in determining the matter of proprietorship under Section 17(1). It is not altogether surprising in the circumstances of this case that the applicants might want to elide these issues. In AL BASSAM Trade Mark 1995 RPC 511 Morritt LJ said (at page 522 line 53 to page 523 line 3):-

“Accordingly I reject the submission for Courtaulds that the proprietor of the mark is he whose use of it will not cause deception or confusion etc. In my view proprietorship may raise different issues to that of deception within Section 11, though, no doubt, it is true that they will often overlap.”

I therefore, intend to consider the Section 17(1) ground based on proprietorship as a separate issue later in this decision.

Taking the evidence at face value both sides claim use in this country from dates which precede the filing date of the applications in suit. In fact both sides claim use from 1991. The evidence in support of the bare claims was subjected to rigorous examination by both Counsel.

Taking account of the evidence before me and the submissions at the hearing I do not consider that the applicants’ have substantiated their claim to have used the mark from 1991.

Mr Payne, the applicants’ Research and Development Manager exhibits a number of documents purporting to support the claim. The first (ADMP1) is a sample order for Condensed Milk Flavouring and gives no indication of the product in respect of which it was to be used. Exhibit ADMP2 is a recipe specification for custard but again with no product indicator. A further recipe carries a handwritten date of 28 June 1991 and is headed Granny Apple Custard. It may be that a product was under development at that time but apart from a claim by Mr Ineson of Fairway Foodservice Ltd that CAMEL APPLE GRANNY was

available from the applicants since 1991 I can see no other evidence that points to such a date. In fact the first documented use is a letter of 1 July 1992 to Mr Ineson (in Exhibit ADMP3) setting out information on the applicants' 'presentation products' including the CAMEL APPLE GRANNY product. I find it difficult to reconcile this with Mr Ineson's claim to have
5 known the mark since 1991 though as I say it is possible that he was aware a product was under development at that time.

Thereafter an introductory leaflet and price list dated October 1992 and a
10 wholesale/distributor brochure dated November 1992 (both in ADMP3) show the product being offered for sale. By 17 October 1994 a substantial customer list existed (Exhibit SFD1 to Mr Davison's declaration). Presumably this was built up over the two years since the product's launch in 1992. The applicants have also filed declarations from Messrs Watts and Carr placing their knowledge of the mark from 1993 and 1994 respectively (basing the matter on the number of years they claim to have known the mark at the time they made their
15 declarations).

The remainder of the applicants' exhibits, SFD 2(i) (with the exception of the November 1992 T & L brochure), SFD 2(ii) and SFD 2(iii) are of no additional assistance as they carry much
20 later dates between 1995 and 1997. Other material contained in SFD 3, SFD 4 and SFD 5 similarly carries later dates or is not obviously dated.

Mr Hamer realistically conceded that the opponents faced some difficulty in substantiating their early trade through Joseph Food Service Inc. and T.G.I. Fridays as any supporting material that might have been available was not under their control. In any case the sales,
25 certainly those through Joseph Food Services, were at an extremely modest level and could have made little impact on the market. The letter from Joseph Food Service at Exhibit V to Mr Messinger's second declaration is also unhelpful as it does not distinguish between EU and United Kingdom sales. The sales to T.G.I. Fridays are rather more significant in volume terms but are not substantiated or explained. I am not clear for instance whether they were direct
30 sales to the UK, through TGI Fridays' US operation or through an independent distributor.

The main supporting exhibits supplied by Mr Messinger are the product brochures (Exhibit IIA) order forms, labels and table cards (IIB) and product information guide (IIC). It is said that the product brochures "would have been made available in the UK" but not that they did
35 circulate in this country. The labels and cards are undated as one might expect. Mr Ashton through a careful piece of detective work was able to suggest a 1994 date for the order forms but the mere fact that such uncertain calculations had to be made indicates the difficulty in relying on such documents. The product guide too though said to be dated 1992 cannot confidently be said to have circulated in this country.
40

Mr Kane's evidence for the opponents places his first encounter with the mark CAMEL APPLY GRANNY in 1993/4 and he associates it with Sweet Street Desserts. Mr Kane's evidence is not without significance as his company, Funnybones, was at one time said to have
45 been a wholesale customer of the applicants and appears on their customer list of 17 October 1994. However, his evidence lacks contextual explanation. Thus it is not clear how, where or in what circumstances he encountered the mark.

In his second affidavit Mr Messinger expands on a previous reference to direct sales to the UK and gives sales figures for the years 1996 to 1998. This is presented as the continuation of an existing business. No further information has been supplied. This information does not assist the opponents' claim to priority of user. Nor can I give any weight to reputation arising from UK visitors encountering the mark in places such as Canada and the Caribbean. Even if the matter had been established in the evidence it is not user in this country - the point dealt with in Lord Upjohn's adaptation of the Smith Hayden Test (BALI Trade Mark at page 496). For much the same reason I reject Mr Hamer's attempt to distinguish this case from a Section 11 point of view on the basis of the reputation that CAMEL APPLE GRANNY might have had with UK trade visitors to the National Restaurant Association Exhibition (NRA) in Chicago. I will, however, revert to this particular circumstance in relation to the matter of proprietorship.

In conclusion there are weaknesses in both sides' evidence but I am persuaded that the applicants have established user from 1 July 1992 and that this use became established over the course of the next two years or so. I do not regard the extent and nature of the opponents' own trade during that period to be such (or sufficiently substantiated) to conclude that the applicants' use would be reasonably likely to cause deception and confusion amongst a substantial number of persons. The opposition, therefore fails under Section 11.

I go on to consider the ground based on Section 17(1) and the process by which the applicants came to adopt the mark.

As a preliminary point, however, I should give some indication of the nature of the applicants' product development and marketing process as explained by Mr Finnegan during cross-examination at the hearing. It seems that for the sort of goods at issue a product development time of some six to nine months is the norm and that marketing only takes place after the development phase. Mr Finnegan indicated that the applicant company's products were sold initially to national accounts (by which he meant major restaurant, hotel and pub chains) and subsequently to wholesale buying groups. Typically marketing to the second group followed some six months behind the first group. It was said that branding is not so important for the national account customers. Presumably this is for the simple reason that they would want to apply their own marks. By inference I assume that products were normally branded for wholesale customers using the manufacturers' chosen mark.

As I have indicated in my analysis of the evidence for Section 11 purposes the first substantiated evidence of use by the applicants is the letter of 1 July 1992 to Fairway Frozen Foods (a wholesale customer). It is possible (but not established) that there were sales before that to national account customers but, if that was the case it is likely to have been unbranded products only. Even so Mr Ashton contended for the somewhat earlier date of April 1992. If I have properly understood this claim it is based on the possibility that the mark may have appeared in 'the product list' which preceded the October 1992 list filed in evidence (I take it that such lists came out at six monthly intervals). The only basis for this claim is, I think, speculation on Mr Finnegan's part during re-examination. Given also that Mr Finnegan only had a vague recollection of dates from that period I am of the clear view that there is no basis for accepting the April date.

In his statutory declaration Mr Finnegan refers to his attendance at the NRA exhibition “in the early 1990s when I became aware of the opponents’ range of desserts”. His letter to Eli's Chicago's Finest Inc of 7 December 1992 (exhibited at ADMP4 to Mr Payne’s declaration) indicates that “I have visited the NRA Show for the last 2 years”. On that basis he visited the
5 show in 1991. During cross-examination he also conceded that he had been aware of Sweet Street Desserts since the late 1980s/early 1990s and that Sweet Street was acknowledged to be a leading manufacturer of the type of product that he was seeking to develop for the UK market. It would be surprising therefore if Mr Finnegan had not encountered Sweet Street’s products during his 1991 visit to the NRA by which time CAMEL APPLE GRANNY was
10 an established Sweet Street product (see the brochures at Mr Messinger’s Exhibit IIA). This accords with Mr Payne's comment that "it is likely that an approach to Ms Solmon of Sweet Street Desserts Inc concerning CAMEL APPLE GRANNY was made in previous years" (from the context it is clear that he means previous to 1992).

15 Events at or shortly after the NRA Exhibition in May 1992 are at the heart of this case. I had the benefit of cross examination of Mr Finnegan, the founder of the applicant company and Ms Solmon, the President of the opponent company in relation thereto.

20 The bare facts as they appear from the written evidence are that Mr Finnegan and Ms Solmon met at the NRA and that the prospect of some form of licensing arrangement was mooted. That much is common ground. There are significant differences between the individuals’ recollection of where the discussion took place and the interpretation to be placed on those discussions. Mr Finnegan says that following the NRA Exhibition he visited the opponents’ plant in Reading, Pennsylvania and had a three quarters of an hour to an hour discussion with
25 Ms Solmon. Ms Solmon claims that the only discussions were at the NRA and denies that the visit and meeting ever took place at her company’s plant. Unsatisfactory though it may be I have been unable to resolve this fundamental discrepancy in the parties’ account of events. It is all the more puzzling as the conflicting accounts appeared to represent the honestly held views of the individuals concerned.

30 In terms of outcomes Ms Solmon says she indicated that she “would gladly talk to him (Mr Finnegan) about the possibility (of licencing)”. Mr Finnegan says

35 “Since Sweet Street Desserts had no facility in the EU, it was my view that my company could profitably produce and market the Sweet Street range at a much lower price than would be feasible if importing the products from the US. Ms Solmon made it clear that Europe was not a market of interest to her and that Sweet Street had no aspirations to build a plant in Europe. In response to this I informed Ms Solmon that there was nothing to stop another company from copying the Sweet Street range in
40 Europe: Ms Solmon’s answer to this comment was simply a shrug.”

45 Under cross examination Mr Finnegan conceded that he had copied the mark CAMEL APPLE GRANNY and indeed other marks used by the opponents. He justified his actions on the basis that Ms Solmon had not expressed any concern on the matter and his understanding that Sweet Street were not interested in the UK or wider European markets. The exchange at the hearing was as follows:-

Q. It is no coincidence, is it, that Finnegan's use the name CAMEL APPLE GRANNY, it was copied from my clients, Sweet Street.

A. Yes.

5 Q. Nor is it a coincidence that some of your products bear, in your own words, an uncanny resemblance to Sweet Street's? ¹

A. No.

10 Q. So you copied?

A. Some of the products.

Q. You also took another of Sweet Street's names at the same time, did you not, Irish Cream Bash?

A. Yes.

15 Q. And essentially you have taken Chocolate Raspberry Bash, Chocolate Thunder, and there is also one called White mountain - I think my clients call it Macrunch and you have called it MacCaramel.

A. Yes.

20 Q. That is all adopted from my client's products.

A. Yes.

25 Q. I assume that you say the same applied to all those trade marks, ie. that Sandy Solmon had told you that Sweet Street's had no interest in Europe, before you used them?

A. Yes.

30 Q. Would you agree with me that Sweet Street's is probably the leading manufacture in the USA of these rather upmarket and costly products?

A. I would have thought so.

Q. And it is a high quality product; it is not at the lower end of the market. It is expensive, high quality and high profile.

35 A. I would say so.

Both Counsel sought to establish whether the mark had been adopted before or after the meeting between Mr Finnegan and Ms Solmon and the latter's alleged expression of disinterest in European markets. I have considered the matter carefully and it seems to me that Mr Finnegan shifted his ground somewhat during the course of cross-examination and re-examination. That in itself gives me some cause for concern over the reliability of this part of his testimony. I appreciate that recollection of dates some time after the event is not easy.

¹ This is a reference to a remark made by Mr Finnegan in his letter of 7 December 1992 to El's Chicago's Finest Inc (Exhibit ADMP4)

There may also have been some misunderstanding arising from the need to distinguish between the date of development of the product and adoption of the name of the product bearing in mind my above description of the way the applicants' product development and marketing process worked. But this does not wholly explain inconsistent recollection of the sequence of events. In my view the likelihood is that Mr Finnegan was aware of the opponents' products from his previous visit to the NRA and that plans were developed to introduce a range of American style products but that final adoption of names did not take place until after the discussion with Ms Solmon at or after the NRA Show in May 1992.

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Was Mr Finnegan entitled to think he was free to adopt the mark CAMEL APPLE GRANNY in the United Kingdom? Firstly I think it needs to be borne in mind that whatever discussions took place in May 1992 occurred at a time when the opponents already claimed to be selling to the UK. It is true that I have found that use to be on a small scale and insufficiently substantiated for the opponents to succeed under Section 11 but it is indicative of interest in the market. It also confirms that, despite Mr Finnegan's belief that importation costs would mitigate against selling from the US to the UK, it was nevertheless possible to establish a market for a premium brand. Subsequent events have borne this out.

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Against that background it seems unlikely that Ms Solmon would have been so unguarded in her comments and reactions as to suggest that she was unconcerned about copying and uninterested in Europe. It is even less likely that such a comment or reaction would have been made during a passing conversation at a trade show. If on the other hand Mr Finnegan is right and a more substantial conversation took place at Sweet Street's plant after the NRA Exhibition it is equally difficult to understand why Ms Solmon would have encouraged such a visit if she was not interested in the UK market. There was, I think, a suggestion that her purpose may simply have been to pick up commercial intelligence on a rival or the state of the market but there is no evidence that the alleged discussions took such a turn despite their claimed duration.

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It may well be that, as Mr Finnegan claims, Sweet Street had no aspirations to build a plant in Europe but that is an altogether different proposition. That is usually the sort of commitment that can only be justified once a market has been established through normal distribution or licensing arrangements. I think it must also be borne in mind that on the basis of Mr Finnegan's written evidence his approach was to say the least an oblique one. He does not expressly say that he indicated his own interest and real intentions so far as the mark CAMEL APPLE GRANNY was concerned. He merely refers to licensing or cooperation. It seems to me that in raising the issue of licensing Mr Finnegan was implicitly acknowledging that Sweet Street may have had some form of protectable right. My initial reading of the evidence was that it was unclear whether the references to licensing were in respect of products (recipes) or trade marks or both. Mr Finnegan's answers during re-examination shed light on the position from his point of view as the following exchange illustrates:

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“Q. When did you first become aware of the name CAMEL APPLE GRANNY as a product from Sweet Street?”

45

A. In the early Nineties in restaurants, cafes.

Q. In the States?

A. In the States.

Q. Did you ever see their advertising material?

A. Only at the exhibition.

Q. At The NRA?

A. Yes.

Q. Did you look through those brochures?

A. Yes.

Q. That was in the early Nineties. If you adopted the name, ie. copied it, why did you do that?

A. Well, I felt it was a good name, and during that time I would take key customers over to the NRA each year and they were all very keen on those type of products. At that time American style products and their associated names were very popular in the UK.

Q. Were your customers keen on the American names?

A. They were.”

As already indicated above it also emerged that other of the opponents’ product names had been adopted by the applicants either unchanged (e.g. Irish Cream Bash, Chocolate Raspberry Bash) or with some degree of adaptation (e.g. the opponents’ White Mountain Macrunch was changed to White Mountain Mac Caramel). In short the applicants’ interest was not just in American style products but in the names given to those products as an added sales feature. I cannot see that the full extent and nature of the applicants’ interest was made clear in the exchanges that took place in May 1992.

There is a further aspect to the applicants’ defence of their actions insofar as it is suggested that Sweet Street had not made clear any claims they had in relation to ownership of brand names and had been slow to seek to register such names. Some time was spent during the course of cross-examination and later in submissions establishing Ms Solmon’s and Mr Finnegan’s awareness (or otherwise) of the significance of indicators such as TM and ®. Mr Ashton’s purpose was, I think, twofold. Firstly to undermine Ms Solmon’s claim that Sweet Street took defence of intellectual property rights seriously and secondly to show that, by failing to register marks or by inconsistently denoting trade mark proprietorship in product brochures etc, it was not surprising that third parties failed to be alerted to such claims. Persuasively though Mr Ashton built up his case I do not accept the conclusions he wants me to draw. Firstly, there is no requirement that trade mark claims must be indicated in association with the marks themselves whatever the commercial prudence of doing so might be. Rights are not forfeited by failing to add TM or ® indicators. It is probably true that the opponents have been inconsistent in their use of such indicators and that the process of registering trade marks has lagged behind their use. But that is partly a matter of commercial priorities and cost particularly where sub brands are concerned. I reject the submission on

5 behalf of the applicants that they had no reason to suppose that the opponents were asserting claims to trade mark proprietorship. It is true that the opponents' brand names in some instances sit next to products with straightforwardly descriptive names (the same is true of the applicants' product listings) but it is quite clear that the applicants adopted particular names because of their trade mark qualities and perceived attractiveness in the UK market.

10 In summary I find that the applicants were aware of the opponents and their products from at least 1991; that the applicants copied the CAMEL APPLE GRANNY mark (along with others); that they did so because the name as well as the product was likely to be attractive to the developing UK trade for American style products. I do not accept that the applicants had reason to believe the opponents were not interested in the UK and Europe. I reject also the supplementary contention that their actions were justified because the opponents had not always attached to their marks indicators of trade mark proprietorship.

15 I go on to consider the law and its application in relation to my above findings. Section 17(1) reads

20 “17.-(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or in Part B of the register.”

The leading case in relation to issues of proprietorship is AL BASSAM 1995 RPC 511. The most relevant passages setting out the principles to be applied are as follows

25 “Accordingly it is necessary to start with the common law principles applicable to questions of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in *Nicholson & Sons Ltd's Application* (1931) 48 RPC 227 at page 253 Lawrence LJ said

30 “The cases to which I have referred (and there are others to the like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark.”

40 Second the right to the used mark as an indication of the origin of the goods could not be assigned separately from the goodwill of the business in which it had been used for that would have been to assign the right to commit a fraud on the public. cf. *Pinto v. Badman* (1891) 8 RPC 181, 194. Third, in the case of an unused mark the person with the best right to use it was the designer or inventor. cf. *Hudson's Trade Marks* (1886) 3 RPC 155 at pages 160 and 163.”

(page 522 lines 8 to 27)

45 and

5 “As section 17(1) prescribes, an application may only be made by one who claims to be
the proprietor. At that stage all that is required is a bona fide claim. If no opposition
on that ground is raised and the claim is not obviously mistaken on the face of the
application then no doubt the Registrar is entitled to accept the claim as enough. But
10 if, as permitted by section 18(2), a person opposes registration it seems to me evident
that lack of the proprietorship claimed must be a permissible ground given the legal
consequences of registration as the proprietor. Then, as required by section 18(5), the
Registrar must consider on the evidence whether registration, which includes the name
of the proprietor, is to be permitted. In my view this cannot mean consideration only
15 whether or not the claim is bona fide. In the case of an opponent who was also a rival
claimant the rights have to be determined.”

15 I was also referred to a number of other cases dealing with proprietorship issues and copying
of marks, these being VITAMINS Ltd’s Application 1956 RPC 1, GAINES ANIMAL
FOODS Application 1958 RPC 312, BROWN SHOE COMPANY INC’s Application for
rectification, 1959 RPC 29 and RAWHIDE Trade Mark, 1962 RPC 133.

20 Mr Ashton’s underlying submission was that I should consider this case as falling squarely
within the principle to be applied to a used mark. That is to say the owner of a mark used in
conjunction with goods was he who first used it. In that respect the applicants had established
they were the first to use, or at least substantiate use of, the mark within this country.

25 Although it established a number of important principles the AL BASSAM case was not itself
concerned with the issue of copying. The mark had been applied to the goods at the
instigation, and with the consent, of the customer in Saudi Arabia whose mark it was in that
country. The other cases referred to were concerned with copying. In both VITAMINS and
BROWN SHOE the US opponents and applicants for rectification were unable to establish
30 their case under Section 11 but were able to persuade the Court that they had asserted their
proprietary rights in the respective marks in this country as a result of earlier failed
applications of their own. Lloyd-Jacob J held in VITAMINS that withdrawal of the earlier
application for registration did not amount to abandonment of rights in the mark. In BROWN
SHOE Wynn-Parry J held that the mark had been copied and that the respondents were not
the true proprietors.

35 GAINES was another case where the opponents failed under Section 11. However, the
Assistant-Comptroller refused registration in the exercise of his discretion on the basis of the
applicants’ conduct in relation to the adoption of the name “Gaines” and their attempts to
register in this country marks belonging to a number of different American companies.

40 In RAWHIDE the applicants had adopted the title of a foreign TV programme and applied for
registration in respect of certain toys and games. The application was opposed by a grantee
from the film proprietors of merchandising rights for the series. Registration was refused on
the basis that the applicants did not have a sufficiently present and unconditional intention to
45 use the mark to bring themselves within Section 17(1). It was, however, held that the titles of
films, once shown, were public property unless registered as trade marks and "the fact that the
reason why a manufacturer chooses as a trade mark a name which it is open to him to choose
is that he hopes to gain the benefit of publicity for which he will not have to pay can not of

itself be a good ground for refusing registration”. (Headnotes (1) and (2)).

Although the Courts and the Registry, have in the exercise of discretion been prepared to take into account the basis on which an applicant has adopted his mark, I do not read these cases as providing authority for the proposition that copying a mark used by someone else in another jurisdiction necessarily debars an applicant from claiming proprietorship in this country. But equally I do not think it is the case that an applicant who has copied a mark belonging to someone else will necessarily succeed providing he is first to assert a proprietorial claim in this country either by means of an application, use of the mark or both.

It follows that such matters are likely to turn on the facts of the particular case including the circumstances in which the applicant came to adopt the mark and what steps he took to find out about the overseas proprietors’ activities or intentions this country. It became clear from Mr Finnegan’s comments during cross-examination that not only was CAMEL APPLE GRANNY (along with other marks) copied from the opponents but that this was done knowing that a market for American style products was being developed in this country and that the adoption of the names was an integral part of that process reflecting the attraction of those names to the trade. I cannot see that Mr Finnegan ever directly enquired what the opponents’ activities or intentions were in the UK or whether there was likely to be any objection to the applicants adopting the mark. Nor did he indicate what the applicants’ intentions were in the event that discussions on licensing came to nothing. I bear in mind also that Sweet Street Desserts was acknowledged by Mr Finnegan to be a leading US player in this particular product area. It is not easy to accept that indifference would have been shown to copying in major overseas markets such as the UK and Continental Europe. Although it was not an issue in AL BASSAM there is an underlying assumption that a proprietorship claim must be a bona fide one and that only if an applicants’ claim is a bona fide one in the first place do the merits of competing claims need to be resolved. On the facts of the case I am not persuaded that the applicants had a bona fide basis for their applications. The fact that they have been able to show the first substantiated use of the mark in this country cannot lend legitimacy to the process by which they came to adopt the mark in the first place. The opposition, therefore, succeeds under Section 17(1).

Finally, there is the matter of the Registrar’s discretion. I have already indicated that the authorities referred to at the hearing have points in common with the case before me but equally can be distinguished in certain other respects. If some form of prior assertion of proprietary interest in this country is a necessary element of the action under Section 17(1) then there must be some doubt as to whether I am entitled to reach the conclusion I have.

Kerly’s Law of Trade Marks (Twelfth Edition) recognises the difficulty in the following passage from Chapter 4-03

“In particular, it is difficult to see what objection there can be to a claim to proprietorship of a mark which is not in use and has no reputation in this country, whoever makes it, provided at least that he genuinely means to use it. There has, nevertheless, been a tendency in recent years to disqualify on this ground applications of the registration in the United Kingdom of marks which do have a reputation (in some other proprietor) elsewhere. With the growth of international trade and of

international publicity, it may well be that our law ought to make greater provision than it does for safeguarding the rights of the owners of foreign marks. It does not follow, however, that section 17(1) is the right tool for the purpose.”

5 I note too that a number of the cases referred to above (VITAMINS, GAINES and BROWN
SHOE) were pleaded and decided as discretionary points rather than proprietorship as such.
However, in the event that I am found to be wrong in deciding the matter under Section 17(1)
on the basis of lack of bona fides on the applicants' part, their behaviour was such that I would
10 nevertheless refuse registration in the exercise of the Registrar's discretion for the reasons set
out above.

15 As the opposition has been successful I order the applicants to pay the opponents the sum of
£1500. This sum to be paid within one month of the expiry of the appeal period or within one
month of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 3 day of April 2000

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25 **M REYNOLDS**
For the Registrar
the Comptroller General