

**O-364-20**

**TRADE MARKS ACT 1994**

**CONSOLIDATED PROCEEDINGS**

**IN THE MATTER OF**

**TRADE MARK APPLICATION NO 3337792**

**IN THE NAME OF STUDIO GRAPHENE LIMITED AND**

**OPPOSITION THERETO (UNDER NO. 414796) BY**

**GRAPHENE CREATIVE LIMITED**

**&**

**TRADE MARK REGISTRATION NO 3176926**

**IN THE NAME OF GRAPHENE CREATIVE LIMITED AND THE**

**APPLICATION FOR CANCELLATION THEREOF (UNDER NO. 502478)**

**BY STUDIO GRAPHENE LIMITED**

## BACKGROUND

1) This dispute concerns a consolidated trade mark opposition and application for cancellation. The parties to the dispute are Graphene Creative Limited ('Party A') and Studio Graphene Limited ('Party B').

2) On 11 September 2018, Party B applied to register **STUDIO GRAPHENE** as a trade mark in respect of various goods in services in classes 09, 35, 41 & 42. The application was published in the Trade Marks Journal on 21 September 2018 for opposition purposes. A Notice of Opposition was filed by Party A on 19 December 2018. The latter claims that Party B's application offends under section 5(2)(b) of the Trade Marks Act 1994 ('the Act'). The following trade mark registration is relied upon by Party A:

- UKTM No 3176926 for the trade mark **GRAPHENE** which was applied for on 27 July 2016 and entered in the register on 27 January 2017 in respect of 'Graphic design; graphic art design; computer graphics services; computer aided graphics design; graphic design for the compilation of web pages on the internet; design and graphic arts design for the creation of websites; webpage design services; design, creating and maintaining web sites of others.' in class 42.

3) Party A's registration is an earlier mark, in accordance with section 6 of the Act. As the date of entry in the register of the earlier mark is less than five years prior to the publication date of the contested mark, the former is not subject to the proof of use conditions, as per section 6A of the Act.

4) On 20 February 2019, Party B filed an application to have Party A's abovementioned registration for **GRAPHENE** declared invalid. Party B claims that the trade mark registration offends under section 5(4)(a) of the Act. Party B claims that it has used the sign **STUDIO GRAPHENE** throughout the UK since 30 June 2014 in relation to 'services including graphic design; graphic art design; computer graphics services; computer aided graphics design; graphic design for the compilation of web pages on the internet; design and graphic arts design for the

creation of websites; webpage design services; design, creating and maintaining web sites of others'. It also states that:

“The trade mark has been in continuous use by the Applicant for Cancellation since [30 June 2014], and as a result of this use, has developed a significant reputation in the United Kingdom, and goodwill in the mark STUDIO GRAPHENE. Accordingly, use of the cancellation mark is likely to misrepresent a connection in the course of trade with the Applicant for Cancellation and cause damage to the Applicant for Cancellation’s reputation, which would be contrary to the law of passing off.”

5) Both parties filed a counterstatement in defence of their respective trade mark application/registration, denying the claims of the other and putting them to proof thereof. Thereafter, the opposition was consolidated with the application for invalidation.

6) Only Party B filed evidence. That evidence was also accompanied by submissions. A hearing took place before me at which Party A was represented by Mr Paul Kelly of FR Kelly and Party B was represented by Mr Steven Jennings of Lewis Silkin LLP.

## **EVIDENCE FROM PARTY B**

7) This comes from Mr Ritam Gandhi, founder and director of Party B.

8) Mr Gandhi explains that he created the company (Party B) in 2014 to provide Digital Delivery services for start-ups and corporates to help them design, build and market their products and services. He provides a copy of the Certificate of Incorporation.<sup>1</sup> Shortly, after the company was incorporated in June 2014, Mr Gandhi states that he launched a website in August of the same year and began to promote

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<sup>1</sup> Exhibit RG-2

his business to the public. He provides an extract from 'Whois' showing the domain name studiographene.com.<sup>2</sup>

9) Mr Gandhi states that, since 2014, Party B has been, and still is, very much an active business as demonstrated by the historic and recent sales figures. He provides recent invoices<sup>3</sup> which he states shows the nature and commitment to his ongoing active business and use of the trade mark STUDIO GRAPHENE. There are four invoices in total. All bear the trade mark STUDIO GRAPHENE in the top left-hand-corner. They are addressed to four different entities, two of which are in London. The addresses of the other two are not shown. The 'description' of services on the invoices is given as 'Digital marketing management and activity', 'Digital marketing retainer', 'phase 1 – deposit' and 'phase 1 – completion'. Three invoices are for services totalling several thousands of pounds each, the other is for seven hundred and twenty pounds. However, all four invoices are dated May/June 2019 which is nearly three years after the relevant date for assessing the claim under section 5(4)(a) (the 'relevant date' being the filing date of Party A's trade mark registration i.e. 27 July 2016).

10) Mr Gandhi states that the company is managed from the head office in London with a payroll head count of 13 and total head count of 46, including contractors.

11) Mr Gandhi states that during the first year of trading in 2014, the business had at least ten clients. He provides a list of sales transactions for the period 2014-2015 generating sales in excess of £170,000.<sup>4</sup> The list consists of various entities who were invoiced during this time, including the date of the invoice and the amount in pounds sterling. For most of the entities on the list there is no indication of the nature of the service that was provided to them. Where a description is given of the service provided, it refers to activities such as 'Front end development services', 'implement two new screens', 'wireframing workshops', 'create user design', 'website development/changes' and 'UI design'. (I understand UI to be an abbreviation for 'User Interface').

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<sup>2</sup> Exhibit RG-3

<sup>3</sup> Exhibit RG-4

<sup>4</sup> Exhibit RG-5

12) Mr Gandhi explains that the business is, and always has been, very active in pitching for work. He provides two examples of Technology Services Agreements which Party B provided to clients as part of its proposals for work and which were accepted by those clients<sup>5</sup>. Both agreements bear the mark STUDIO GRAPHENE in the top left-hand-corner. The first agreement is for a client named Attest Technologies Limited in London, dated 25 October 2015. The agreement states that the client is developing a survey platform that will be available via a web portal as well as iOS and Android applications. Page 3 of the agreement states that Party B is to provide the service of ‘design and development of web portal, iOS and Android native applications...’ The second agreement is for a client named Bluffer’s Media Ltd, also in London, dated 26 June 2015. The agreement states that the client is developing an iOS application (‘the product’) and Party B is to provide UI designs, wire framing and a technical feasibility study for developing the product.

13) Mr Gandhi provides examples of promotional material that Party B has used since at least 2015 which, he states, generated significant additional requests for services.<sup>6</sup> This material appears to consist of around six posts on Twitter, by @studiographene or @Startup2UK, dated between September and November 2015. I note the following is stated on a number of the posts about STUDIO GRAPHENE: “We plan, design, develop and launch bleeding-edge apps, websites + IoT products”. One post refers to an app that was featured on the Apple Store, which appears to have been developed by Party B for a client. Another post is an advert for a talk being held by STUDIO GRAPHENE at an event named ‘appsworld’ in November 2015. There is also an article dated 21 March 2016 from Tech London entitled “Studio Graphene: How do you start a start-up? Ask a team of experts?”.

14) Mr Gandhi states that, since 2014, Party B has generated significant income under the mark STUDIO GRAPHENE. He provides a list of all invoices issued to clients from 1 July 2014 up to the date of his witness statement (08 July 2019).<sup>7</sup> The list is not in chronological order; rather it is in alphabetical order by name of client.

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<sup>5</sup> Exhibit RG-6

<sup>6</sup> Exhibit RG-7

<sup>7</sup> Exhibit RG-8

Invoices spanning 2014 to 2019 are jumbled up together throughout the list. Mr Gandhi states that the figures in the list total over £3.25 million. He does not state what proportion of that figure relates to the total income accrued prior to the relevant date of 27 July 2016. At the hearing Mr Jennings stated that, if the invoices in the list dated up to the relevant date are added up, they come to £836,849.06. The exhibit gives no indication of the nature of the services that were provided to any of the clients in the list; only the clients' names and the date and amount of the invoices is provided. Also included is a separate alphabetical list consisting of the names of all clients which Party B has had since it started operating. There are around 150 clients in total.

15) Mr Gandhi also provides an Unaudited Financial Statement for Party B, for the period ending 30 June 2015.<sup>8</sup> Turnover for that period was £141,123. Also provided are VAT tax returns<sup>9</sup>, an invoice issued to Party B, dated 18 May 2016, in connection with the provision of Office Space<sup>10</sup>, and a 'pay summary' showing the earnings of three employees of Party B, dated 24 February 2016.<sup>11</sup> In connection with the latter, Mr Gandhi states that those employees were hired to assist with the growing request for services from clients.

16) Mr Gandhi also provides a copy of an award, won in 2015, by one of Party B's clients. Mr Gandhi states that Party B designed and built application software for the said client.<sup>12</sup>

17) Mr Gandhi provides a historical extract from the Wayback Machine Internet Archiving Tool, showing use of STUDIO GRAPHENE on Party B's website on 17 August 2014. I note that the first capture from that date, states that Party B's focus and technical capability is in 'UI' UX design and two key areas of technology: mobile and web application development and the Internet of Things'.<sup>13</sup> (I understand 'UX' to be an abbreviation for 'User Experience').

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<sup>8</sup> Exhibit RG-9

<sup>9</sup> Exhibit RG-10

<sup>10</sup> Exhibit RG-11

<sup>11</sup> Exhibit RG-12

<sup>12</sup> Exhibit RG-14

<sup>13</sup> Exhibit RG-16

## **DECISION**

18) I will first consider Party B's application to have Party A's trade mark registration for GRAPHENE (UKTM No 3176926) declared invalid. If that application is successful, Party A's opposition under Section 5(2)(b) will fail for want of a valid earlier right.

### **Section 5(4)(a)**

19) Section 47(2)(b) of the Act states:

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

(a) ...

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

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

20) Section 5(4)(a) states:

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

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

(b) [.....]

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

21) In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

### **The relevant date**

22) In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of

the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”

23) In the absence of any earlier use of **GRAPHENE** by Party A, the only relevant date for assessing the passing-off claim is the date of application for registration of that mark i.e. 27 July 2016.

## **Goodwill**

24) The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

25) In terms of the evidence that is required to establish the existence of goodwill, in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation;

evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

26) However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

27) In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little

time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

28) However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

*See also: Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

29) The first hurdle that Party B must overcome is to show that it had goodwill in a business at the relevant date of 27 July 2016 and that the sign relied upon, **STUDIO GRAPHENE**, is associated with, or distinctive of, that business. I remind myself that Party B's claim is that it has used that sign throughout the UK since 30 June 2014 in relation to ‘services including graphic design; graphic art design; computer graphics services; computer aided graphics design; graphic design for the compilation of web pages on the internet; design and graphic arts design for the creation of websites; webpage design services; design, creating and maintaining web sites of others’.

30) After carefully reviewing Party B's evidence, I find that:

- Party B began providing services under the mark STUDIO GRAPHENE in 2014.
- From July 2014 – July 2015 Party B provided services to at least ten different clients and sales over that period were in excess of £170,000, as per exhibit RG-5.
- Although, as Mr Kelly pointed out, there are no actual copies of invoices before me from within the relevant period, I am satisfied that the services provided since 2014, and up to the relevant date, appear to have been primarily graphic design, user interface/user experience design and website development and design services, as per, for example, the description of services given in exhibits RG-5 and RG-6.
- As of the date of Mr Gandhi's witness statement (08 July 2019), Party B has provided its services to over 150 clients and total sales over that period have been over £3.25 million.<sup>14</sup> I recognise that those figures relate to the number of clients and sales from both before and after the relevant date of 27 July 2016. As Mr Kelly pointed out, that information has not been presented in such a way that it is immediately apparent what proportion of those figures pertain to services provided prior to the relevant date. Mr Kelly submitted that it is not for the Tribunal, or Party A, to conduct the onerous task of going through the list of transactions, identifying which of them are before the relevant date or to add them all up. I accept that it would have been preferable for Party B to have set out the figures more clearly by highlighting those which are before the relevant date. That said, it is apparent to me, even without a great degree of analysis, that there are a substantial number of transactions which are dated prior to 27 July 2016 and that many of those are for several thousands of pounds, or more, each. Even without undertaking a precise calculation of all of those transactions, I am prepared to accept that the proportion of the £3.25 million which relates to services provided prior to the relevant date is more likely than not to be in the region of £800,000, as per Mr Jennings's submission at the hearing.

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<sup>14</sup> As per exhibit RG-8

- It is not clear from the evidence where all of Party B's clients were based. However, where the client's address is provided, it is in London<sup>15</sup>.
- There has been little advertising under the sign STUDIO GRAPHENE. Promotion of Party B's business appears to have been primarily by way of a few posts on Twitter during 2015.

31) I note that in *Compass Publishing BV v Compass Logistics Ltd*<sup>16</sup> the senior user had undertaken little advertising and had only seven UK customers. It had provided business consultancy services in relation to logistics for only ten months prior to the relevant date. Turnover in that period was in the region of £144,000. For the services provided the turnover was not considered to be high. In that case, "the defendant had acquired just sufficient reputation to maintain a passing-off action".<sup>17</sup>

32) As in the *Compass* case, in the case before me, there appears to have been little advertising and the number of customers Party B had, at least between 2014 and 2015, was small (around ten). However, Party B has shown that it had been operating for two years prior to the relevant date (longer than the ten months in *Compass*) and Party B's overall sales figures, prior to the relevant date, are also far higher than those in *Compass*, with a customer base that also appears to have been growing prior to the relevant date.

33) Bearing in mind all the above, I find that Party B had the requisite protectable goodwill (more than trivial) in its business providing graphic design, user interface/user experience design and website development and design services, at the relevant date. The sign which was distinctive of that goodwill was STUDIO GRAPHENE.

### **Misrepresentation and Damage**

34) In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

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<sup>15</sup> As per exhibit RG-6

<sup>16</sup> [2004] RPC 41

<sup>17</sup> *ibid*, [85]

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“.... for my part, I think that references, in this context, to “more than *de minimis* ” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

35) Party B's sign is STUDIO GRAPHENE. Party A's mark is GRAPHENE. Both marks therefore contain the distinctive element GRAPHENE and differ to the extent that the former also includes the word STUDIO. I find that the common element, GRAPHENE, results in at least a medium degree of both visual and aural similarity. I find that the conceptual similarity is high given that both evoke the distinctive concept of graphene. The STUDIO element within Party B's sign is merely likely to be taken as an indication of the location from which Party B's services are provided. The services covered by Party A's registration in class 42 are 'Graphic design; graphic art

design; computer graphics services; computer aided graphics design; graphic design for the compilation of web pages on the internet; design and graphic arts design for the creation of websites; webpage design services; design, creating and maintaining web sites of others.' A number of these services are clearly identical to the services for which Party B has shown it has goodwill. Those which are not identical are, nevertheless, clearly highly similar and/or in the same field of activity.

36) Bearing in mind all the above, I find that those familiar with Party B's business will assume that the services provided under Party A's mark are the responsibility of Party B. A misrepresentation will arise. The damage that follows is likely to be in the form of loss of sales for Party B, with customers using Party A's services instead. Damage can also be wider than simply loss of custom.<sup>18</sup> The reputation of Party B's business is likely to be important. Placing that reputation in the hands of another could have a negative impact on Party B's business and is another form of damage that must be guarded against.

37) Party A is therefore liable to be prevented from use of the trade mark GRAPHENE under the law of passing-off. The ground under section 5(4)(a) of the act succeeds against all the services of Party A's registered mark.

38) This outcome means that Party A no longer has a valid mark upon which it can rely in its opposition under section 5(2)(b) of the Act against Party B's trade mark application. That opposition therefore fails.

39) I add here that, if I am wrong to have found that Party B's claim under section 5(4)(a) succeeds, Mr Jennings conceded at the hearing that Party A's opposition under section 5(2)(b) would succeed.

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<sup>18</sup> See, for instance, *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), where Warrington L.J. stated that: "To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me."

## OVERALL OUTCOME

**40) Party B's application to invalidate Party A's trade mark registration (number 3176926) for the trade mark GRAPHENE succeeds.**

**41) Party A's opposition to Party B's trade mark application (number 3337792) for the trade mark STUDIO GRAPHENE fails.**

## COSTS

42) Party B has been wholly successful in these consolidated proceedings. It is therefore entitled to an award of costs. Using the guidance in Tribunal Practice Notice 2/2016, I award Party B costs on the following basis:

Preparing a statement and considering the other side's statement (x 2)	£500
Official fee (Form TM26(I))	£200
Preparing and filing evidence	£500
Preparing for, and attending, the hearing	£600
<b>Total:</b>	<b>£1800</b>

43) I order Graphene Creative Limited to pay Studio Graphene Limited the sum of **£1800**. This sum is to be paid within two months of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 27th day of July 2020**

**Beverley Hedley**

**For the Registrar, the Comptroller-General**