

O-395-21

**TRADE MARKS ACT 1994
IN THE MATTER OF
TRADE MARK APPLICATION NO 3431722
BY BENEDICT JOHNSON
TO REGISTER**



winesapp

**AS A TRADE MARK
IN CLASS 43
AND OPPOSITION THERETO (UNDER NO. 418626)
BY
WINEAPP LIMITED**

Background & Pleadings

1. Benedict Johnson (“the applicant”) applied to register the trade mark set out on the title page on 26 September 2019. The mark was published in the Trade Marks Journal on 11 October 2019 in class 43 for *Sommelier services*.

2. Wineapp Limited (“the opponent”) opposed the application on 4 December 2019 under section 5(4)(a) of the Trade Mark Act 1994 (“the Act”) on the grounds that the applicant’s mark and services amount to passing off. The opponent relies on the unregistered sign set out below which it claims has been in use throughout the UK since November 2018 for *retail of wine*.



3. The applicant filed a counterstatement denying the ground of opposition.

4. Both sides are represented. The applicant is represented by Dehns and the opponent by Seddons Solicitors. Both sides filed evidence and written submissions in lieu of a hearing. I make this decision following a reading of the material before me.

Opponent’s evidence in chief

5. A witness statement and single exhibit was filed in the name of Marco Nardone, the chief executive and director of the opponent. The declarant states that its unregistered sign, , has been used since November 2018 in relation to “wines, live sommelier chat, wine selection, wine advisory services, wine algorithmic recommendations, wine consumer/community reviews and wine delivery services, all via an app”¹.

6. Other pertinent points noted from Mr Nardone’s witness statement are

- turnover of £1.9m since November 2018
- advertising expenditure of £302k since September 2018

¹ Paragraph 3, First Witness Statement of Marco Nardone 30 July 2020

- 110k app downloads on iOS (Apple) devices up to July 2020
- 52k app downloads on Android devices up to July 2020

7. Although exhibit MN1 is a single document, it comprises a number of elements. I will summarise them briefly.

- Page 1 gives is a short history of the brand.
- Pages 2-3 demonstrates an email headed by wineapp, and sent to Mr Nardone for the purpose of illustrating the emails customers receive following their order.
- Pages 4-6 are undated screenshots from the opponent's customers' own Instagram accounts showing wine deliveries in boxes displaying the wineapp mark.
- Page 7 contains turnover and customer numbers, which currently states the opponent has 27091 customers.
- Pages 8 - 9 contain screenshots of the opponent's app as it appears on the Apple and Google App Stores. The Apple screenshot on page 8 also contains customer reviews dated March 2020.
- Pages 10- 15 demonstrates advertising for social media channels namely Facebook and Instagram.
- Pages 16 – 19 give details of mailshots sent by the opponent and corresponding numbers/percentages of those mails opened by recipients. By way of an example, a mailshot sent from the opponent on 13 September 2019 to 10350 recipients was opened by 1645 or 16% of them.
- Pages 20 – 23 are examples of emailed mailshots dated November and December 2019.
- Pages 24 – 27 are screenshots from the YouTube and LinkedIn platforms dated 2018 and 2019 promoting the opponent's app.
- Pages 28 – 36 contains features and reviews from digital and print issues of Raconteur (a Times Newspaper insert) dating from December 2019, www.thepennypnicher.co.uk dating from June 2020 and www.appadvice.com also dating from June 2020.

Applicant's evidence

8. A witness statement and a single exhibit were filed in the name of Benedict Johnson. Two pertinent points come out of the witness statement. Firstly, Mr Johnson states that he had no prior knowledge of the opponent's mark when he made his application. Secondly, he states that the opponent's evidence indicates that the greater proportion of its sales were made after the application was made on 26 September 2019.

9. Exhibit BJ1 comprises a screenshot from the Wine and Spirits Trade Association (WSTA) website which shows that the UK wine market was valued at £10.6bn in 2018 and a screenshot from the Journal of Wine Economics showing UK wine trade records from 1675 to the present day.

Opponent's evidence in reply

10. The opponent filed a second witness statement and exhibit in the name of Marco Nardone. In his evidence in reply Mr Nardone sought to refine the evidence he had previously given in his first witness statement to that activity which took place prior to 26 September 2019. To this end the declarant states that the turnover up to that date was £165,360.11 and the advertising expenditure was £137,117.

11. In exhibit MN2 the declarant points to the numbers of app downloads, namely 28000 from Apple and 4993 from Android up to 30 September 2019, its social media reach on Instagram and Facebook up to September 2019, its mailshot campaigns and images taken at three events in various London venues namely the opponent's launch in November 2018, a wine tasting in July 2019 and an exhibition stand at The Taste Of London event in November 2018.

The statutory provisions

12. Section 5(4)(a) 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, where the condition in subsection (4A) is met,

(aa)

(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.”

13. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

The relevant date

14. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*², Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, 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

² BL O-410-11

whether the position would have been any different at the later date when the application was made.’ ”

15. The filing date of the application is 26 September 2019. The applicant states he had not used the mark prior to that date³. As such, all factors should be assessed as at 26 September 2019 (“the relevant date”).

Decision

16. In *Discount Outlet v Feel Good UK*,⁴ 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.

17. Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

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

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

³ Benedict Johnson’s witness statement, paragraph 2.

⁴ [2017] EWHC 1400 IPEC

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

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

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

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances."

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

Goodwill

18. The first hurdle for the opponent is to show that it had the required goodwill at the relevant date. The issue of what constitutes goodwill was discussed in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd*⁵ viz,

“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.”

19. In *Smart Planet Technologies, Inc. v Rajinda Sharm*⁶ Mr Thomas Mitcheson QC, sitting as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, paragraph 52, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd* [1980] R.P.C. 31. After reviewing these authorities Mr Mitcheson concluded that:

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

20. The relevant market for assessing goodwill is the UK. At the relevant date the opponent had been using its mark for approximately 10 months and had “18000 active users”⁷ during that time. The turnover generated by the opponent by the relevant date was £165,360.11 from sales of 30582 bottles of wine which is on the low side but not a negligible sum. In *Lumos Skincare Limited v Sweet Squared*

⁵ [1901] AC 217 (HOL)

⁶ BL O/304/20

⁷ Marco Nardone's second witness statement, paragraph 11

*Limited and others*⁸, the Court of Appeal held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products since 2007. The goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small, of the order of £2,000 per quarter from early 2008 to September 2009, rising to £10,000 per quarter by September 2010. The vast majority of these sales were to the trade, including salons, clinics and a market. As at the relevant date (October 2010) the Claimant had sold to 37 outlets and by that date it was still selling to 25 outlets. There was evidence of repeat purchases. Although the number of customers was small, or, as the judge at first instance put it, "*very limited*", the claimant's goodwill was found to be sufficient to entitle it to restrain the defendant's trade under LUMOS.

21. With regard to the reach of the opponent's business, the evidence shows London based deliveries of wine to customers. No evidence was presented to demonstrate a customer base outside of the capital. In Exhibit MN2, page 17, a mailshot dated 18 July 2019 makes reference to launching its business in Manchester, but no further information is given as to if or when that took place. The three in person events referred to in Mr Nardone's second witness statement all took place in London. The establishment of goodwill in a single area is not necessarily a barrier to proceeding. In *Saxon Trade Mark*⁹, Laddie J. identified different considerations that apply where the opponent has only a local goodwill and the applicant proposes to trade in the area in which the opponent has established goodwill or, by analogy as is the case here, makes an application to register a national mark which implies such an intention.

22. Taking these factors into account, I find that the evidence demonstrates a small, but not trivial, goodwill has been established at the relevant date in relation to *wine selection, wine advisory services, wine algorithmic recommendations, wine reviews and wine delivery services, all via an app*. I also find that the sign relied upon was distinctive of that goodwill at the relevant date.

⁸ [2013] EWCA Civ 590

⁹ [2003] FSR 39 (HC)

Misrepresentation

23. Having found that the opponent has established the requisite goodwill, I now turn to the second hurdle, that of misrepresentation leading to deception or a likelihood of deception.

24. It is well established that in assessing the likelihood of deception I should make allowance for the descriptiveness of the opponent's sign. In *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited*¹⁰, Lord Simonds stated that:

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

25. The marks at issue here are,

Applicant's mark	Opponent's sign
	

26. I bear in mind that I have found the opponent has a small, although not trivial, goodwill. Taking into account the other factors set out in the Halsbury extract, I find that although the word **wine** is pluralised in the applicant's mark and is singular in the opponent's sign, both are conjoined with the word 'app' and essentially, singular and plural mean the same thing and the wholes are clearly descriptive of an app which refers to some aspect of wine such as retail or sommelier recommendations. So, as the verbal elements are virtually identical, I find the distinctiveness of both

¹⁰ [1946] 63 RPC 39

marks emanates from the use of the respective device elements, namely a letter W or the silhouette of two wine glasses in the applicant's mark and a single filled wine glass for the opponent. In addition it is clear that the parties operate in very similar fields of activity with regard to wine advisory services. In my view consumers who are looking for wine recommendations will be inclined to see the shared word element as a coincidental use of descriptive language given the nature of the app and would rely on the device elements of the respective marks to distinguish between one wine app provider and another. Therefore, I find that there is no misrepresentation to the public. As there is no misrepresentation, there can be no damage.

Conclusion

27. The opposition brought under section 5(4)(a) fails and the application may proceed to registration.

Costs

28. As the applicant has been successful, he is entitled to a contribution towards his costs based upon the scale published in Tribunal Practice Notice 2/2016. I award the applicant the sum of £1000 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£200 Consideration of the statement of grounds and filing a counterstatement

£500 Preparation & Consideration of evidence

£300 Preparation & consideration of submissions

29. I therefore order Wineapp Limited to pay Benedict Johnson the sum of £1000. This sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an unsuccessful appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 26th day of May 2021

June Ralph
For the Registrar