O/917/22

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF TRADE MARK APPLICATION NO. UK00003591301
IN THE NAME OF HULA ONE LTD.
TO REGISTER

HULA

AS A TRADE MARK IN CLASSES 29, 30, 32 AND 43

AND

IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 425869 BY NORTHERN HOSPITALITY (MCR) LIMITED

AND

IN THE MATTER OF UK REGISTRATION NO. UK00003375139
IN THE NAME OF NORTHERN HOSPITALITY (MCR) LIMITED
IN RESPECT OF THE FOLLOWING TRADE MARK:

HULA

AND

AN APPLICATION FOR A DECLARATION OF THE INVALIDITY THEREOF
UNDER NO. 504204
BY HULA ONE LTD.

Background and pleadings

1. These are consolidated opposition and invalidation proceedings involving (1) an opposition brought by Northern Hospitality (MCR) Limited ("NH") against trade mark application no. UK00003591301 filed by Hula One Ltd ("HO"), and (2) an application by HO to invalidate NH's trade mark no. UK00003375139.

The opposition no. 425869 against the application filed by HO to register the trade mark no. UK00003591301

2. HO applied to register the trade mark no. UK00003591301 for the word 'HULA' on 5 February 2021, for various goods and services in Classes 29, 30, 32 and 43.

3. NH opposed HO's application on 30 July 2021. The opposition is based on Sections 5(1), 5(2)(a) and 5(4)(a) of the Trade Marks Act 1994 ("the Act"). The opposition was brought initially against all the goods and services in the application. However, NH has now withdrawn the opposition against parts of the applied-for specification. The parts of the specification that remain opposed are shown in bold below:

> **Class 29:** *Milkshakes; salads; antipasto salads; poultry salads; vegetable salads; fruit salads; but not including extruded and pelletised or otherwise manufactured or processed vegetable and potato products for snacks; roasted, dried, salted, spiced, coated and processed nuts, cashew kernels, pistachios, almonds, peanuts, coconuts (dried); preserved, dried and cooked fruits and vegetables; seaweed extracts for food; or ginger products being dried fruit.*
>
> **Class 30:** ***Tea; coffee; hot chocolate; herbal infusions; fruit infusions;*** *but not including extruded and pelletised or otherwise manufactured or processed tapioca, manioc, rice, maize, wheat or other cereal products and ginger products being confectionary and jelly fruits for snacks;*[1] *savoury biscuits and*

[1] NH states that it does not understand how this disclaimer relates to the beverages listed before it and requests that if the opposition succeeds in relation to the beverages indicated, this should be deleted too.

pretzels; muesli bars, mainly consisting of nuts, dried fruits, processed cereal grains; chocolate and chocolate products (other than hot chocolate); or sauces.

Class 32: ***Non-alcoholic beverages; soft drinks;*** *juices; smoothies; organic fruit juice;* **energy drinks; guarana drinks;** *red ginseng juice beverages; protein drinks; vitamin-fortified non-alcoholic beverages; syrups and other preparations for making beverages; beers.*

Class 43: ***Services for providing food and drink; restaurant services; takeaway food and drink services; snack-bar services; café services; bar services; information, advisory and consultancy services in connection with all of the aforesaid.***

4. Under Sections 5(1) and 5(2)(a), NH relies on its earlier registration no. UK00003375139 for the mark 'HULA' which was filed on 13 February 2019 and registered on 28 June 2019 for the following services:

Class 41: *Entertainment; night clubs; nightclub services; discotheque services; club entertainment services; disc jockey services; organisation of entertainment events; organisation, provision and presentation of live performances; live music services; live music shows; live musical performances; live band performances; provision of recorded entertainment; audio-visual display presentations; ticketing and event booking services; ticket reservation services; information, advisory and consultancy services in connection with the aforesaid.*

Class 43: *Services for providing food and drink; club services for the provision of food and drink; bar services; bars; rum bars; wine bars; cocktail lounges; public house services; café services; information, advisory and consultancy services in connection with the aforesaid.*

5. Under Section 6(1) of the Act, NH's mark clearly qualifies as an earlier trade mark. Further, as the registration of NH's earlier mark was completed less than five years

before the application date of HO's mark ("the contested mark"), proof of use is not relevant in these proceedings, as per Section 6A of the Act.

6. NH claims that the contested mark is identical to the earlier mark and that the respective goods and services are identical or similar. According to NH, there is a likelihood of confusion on the part of the public. Therefore, registration of the contested mark would be contrary to Section 5(1) and 5(2)(a) of the Act.

7. Under Section 5(4)(a), NH claims to have used the sign 'HULA' from "at least January 2009" in Great Manchester in relation to the following services:

> Services for providing food and drink; club services for the provision of food and drink; bar services; bars; rum bars; wine bars; cocktail lounges; public house services; café services; entertainment; night clubs; nightclub services; discotheque services; club entertainment services; disc jockey services; organisation of entertainment events; organisation, provision and presentation of live performances; live music services; live music shows; live musical performances; live band performances; provision of recorded entertainment; audio-visual display presentations; ticketing and event booking services; ticket reservation services; information, advisory and consultancy services in connection with the aforesaid.

8. According to NH, use of the contested mark by HO constitutes passing off. Therefore, registration of the contested mark would also be contrary to Section 5(4)(a) of the Act.

9. HO filed a counterstatement dated 21 October 2021 denying the grounds advanced by NH.

<u>The application no.504204 by HO to invalidate NH's earlier trade mark no. UK00003375139</u>

10. In response to NH's opposition, HO applied to invalidate NH's earlier mark (UK00003375139) on 4 October 2021 based upon Section 5(4)(a) of the Act, claiming to have made earlier use of the sign 'HULA' throughout the UK since 26 February 2007 for s*ervices for providing food and drink; restaurant services; takeaway food and drink services; snack-bar services; café services; bar services; information, advisory and consultancy services in connection with all of the aforesaid*.

11. NH filed a counterstatement denying the claims made, putting HO to strict proof of such claims. NH claims that it has used the sign 'HULA' in relation to the registered services since at least 2006 and that it can *"therefore claim (and rely on) earlier unregistered rights that pre-date the alleged first use"* by HO in 2007.

12. The opposition and invalidation proceedings were consolidated on 4 January 2022. Both parties filed evidence in chief. Only HO filed evidence in reply.

13. The matter came to be heard before me by video link on 9 September 2022. Ms Amanda Michaels of Counsel (instructed by Wilson Gunn) appeared on behalf of NH and Mr Aaron Wood, of Brandsmiths (instructed by Tidman Legal Limited), appeared on behalf of HO.

Evidence

14. NH filed evidence-in-chief in the form of a witness statement by Andrew Stewart Blackburn dated 1 April 2022 together with Exhibits ASB1- ASB12 and a witness statement by Robert Stansfield dated 1 April 2022 together with Exhibit RS1. Mr Blackburn is the managing director of NH. Mr Stansfield is the director of a company which provided security services to NH.

15. HO filed evidence-in-chief in the form of a witness statement by Peter Jens Borgen-Nielson dated 3 April 2022 together with Exhibits PJBN1 – PJBN9. Mr Borgen-Nielson is a director and shareholder of HO.

16. HO also filed evidence-in-reply in the form of a witness statement by Oliver James Tidman dated 24 June 2022 together with Exhibits OJT 1 – OJT6. Mr Tidman is a solicitor and the founder of Tidman Legal Limited, the firm representing HO in these proceedings.

17. I have read all of the evidence and will return to it to the extent I consider necessary in the course of this decision.

THE INVALIDITY

18. Given the potential impact of the outcome of the invalidity proceedings on the ability of NH to rely on the earlier mark UK00003375139 in the opposition proceedings, I shall start with the invalidity.

Section 5(4)(a)

Legislation and case-law

19. HO's application to invalidate NH's earlier mark (UK00003375139) is brought under Section 47 of the Trade Marks Act 1994 ("The Act") which reads:

> "47. (1) […]
>
> (2) Subject to subsections (2A) and (2G), 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.
>
> […]
>
> (5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.
>
> (5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed."

20. The only ground of invalidity is under Section 5(4)(a) which reads:

"(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."

21. 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."

22. 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)."

23. Halsbury's Laws of England Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

"Establishing a likelihood of deception generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation among a relevant class of persons; and
(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other indicium 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 two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which 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 claimant and the defendant carry on business;

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

(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 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".

The relevant date

24. In *Advanced Perimeter Systems Limited v Multisys Computers Limited,* BL O-410-11, 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 whether the position would have been any different at the later date when the application was made."

25. Mr Alexander explained that:

"41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

(a) The right to protection conferred upon senior users at common law;
(b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
(c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application."

26. In *Smart Planet Technologies, Inc. v Rajinda Sharma* [BL O/304/20], Mr Thomas Mitcheson QC, as the Appointed Person, pointed out that *"the start of the behaviour complained about"* is not the same as the date that the user of the applied-for mark acquired the right to protect it under the law of passing off. Rather, it is the date that the user of that mark committed the first external act about which the other party could have complained (if it knew about it) as an act of actual or threatened passing off. Typically, this will be the date when first offer was made to market relevant goods or services under the mark. However, it could also be the date the first public-facing indication was made that sales were proposed to be made under the mark in future. If the user of the applied-for mark was not passing off at the time such use commenced (usually because no one else had acquired a protectable goodwill under a conflicting

mark at that time), he or she will not normally be passing off by continuing to use the mark.

27. The upshot of this is that in a case where the contested mark is unused, it is the date when the application was made for the contested mark (in this case, 13 February 2019) which is the relevant date for the purposes of Section 5(4)(a) of the Act. However, if the contested mark has been used prior to the date of application, it is necessary to consider what the position would have been at the date of the start of the behaviour complained about. If an applicant for registration was not passing off when it commenced use of the sign, a continuation of the same trade under the same sign is unlikely to amount to passing off at the application date.

28. In these proceedings, NH has filed evidence of use of the contested mark prior to 13 February 2019.

29. At the hearing Mr Wood submitted that the relevant date is 13 February 2019 but accepted that it is also necessary to establish whether the use of the contested mark could be prevented at an earlier date. Mr Wood's position, summarised in his skeleton argument, was as follows:

> *"On the evidence, HO's predecessor in title commenced the acts complained of prior to the commencement of any use of the mark HULA by NH: there can be no dispute once that is demonstrated that as at the date of commencement of the use of the mark HULA by HO, NH did not have the right to prevent the use of the mark HULA by HO. The extent of that use has been across foodservice and the products themselves.*
>
> *By contrast, by October/November 2009 (which is when NH's use in the "Northern Quarter" commenced) HO's predecessor in title had built up goodwill which would have been sufficient to found a claim for passing-off. They started trading in 2007 (and continue from the same site today) from the Grassmarket, which is a UNESCO World Heritage site, located in Edinburgh's historic old town, and it is clear from the evidence that there are a significant number of visitors from other parts of the UK (which must include Manchester) as*

Edinburgh is the second most visited city in the UK by tourists after London according to Visit Britain. As such HO's predecessor in title would have had goodwill throughout the UK and the ability to prevent the use of HULA in the way used by NH's predecessor in title"

30. Ms Michaels' position was as follows:

"Sub-section 5(4)(a) requires the tribunal to consider whether notional fair use of the mark applied for in respect of the services in question would have been liable to be prevented at as the relevant date. However, sub-section 5(4A) does not state the whole position. Not only does HO need to show it had the necessary earlier right prior to NH's application, but where, as here, there is a dispute between the parties with regard to their respective use prior to the application date, it is necessary to assess the passing off claim at a date prior to the application date, namely "the date of first actionable use." That is the relevant date for these invalidity proceedings.

In Roger Maier and Assos of Switzerland SA v ASOS plc and ASOS.com Limited [2015] EWCA Civ 220, [2015] FSR 20 Kitchin LJ said:

"165. ...Under the English law of passing off, the relevant date for determining whether a claimant has established the necessary reputation or goodwill is the date of the commencement of the conduct complained of (see, for example, Cadbury Schweppes Pty Ltd v The Pub Squash Co Ltd [1981] RPC 429). … In my judgment the matter should be addressed in the following way. The party opposing the application or the registration must show that, as at the date of application (or the priority date, if earlier), a normal and fair use of the Community trade mark would have amounted to passing off. But if the Community trade mark has in fact been used from an earlier date, then that is a matter which must be taken into account, for <u>the opponent must show that he had the necessary goodwill and reputation to render that use actionable on the date that it began."</u> (emphasis added)

NH is not required to show that it had *__goodwill__* *prior to any goodwill being acquired by HO, all it needs to show is* *__use__**: see Casablanca at [35]-[38]. As Mr Mitcheson QC said at [37], the relevance of the activities of NH is limited to establishment of the date that the actionable use began. Once that date is established, the only question of goodwill arises in respect of HO's activities.*

So, in order to be the senior user HO must demonstrate that it had a protectable goodwill prior to the date that NH's actionable use began, with respect to some or all of the services it relies upon in support of its notional section 5(4)(a) ground of opposition."

31. I agree with Ms Michaels that earlier use of the contested mark (prior to the application date) in a passing off action provides NH with a defence which does not require NH to show that it had goodwill prior to any goodwill being acquired (or any use being commenced) by HO.

32. The defence of antecedent use in an invalidity action arises from use of the sort described by Mr Mitcheson in *Smart Planet Tech*. The case-law is clear that *"the start of the behaviour complained about"* is the relevant moment in time at which HO - who brough the invalidity action - must show that it had sufficient goodwill to prevent NH from using the contested mark. This is consistent with the principle that the legitimacy of the junior user's mark must normally be determined as of the date of its inception. Consequently, I understand the test to be as follows: if NH shows that it used the sign 'HULA' before applying to register it as a trade mark, this shifts to HO, who wishes to rely on passing off in the invalidity action, a legal burden of proving that at the date when NH committed the first external act about which HO could have complained – i.e. at the start of the behaviour complained about - it had sufficient goodwill to sustain an action for passing off.

33. I will make findings about HO's evidence of goodwill before looking at NH's evidence to ascertain what bearing, if any, its evidence has on the relevant date.

HO's evidence relating to use of the sign 'HULA'

34. Mr Borgen-Nielsen says that the sign 'HULA' was first used in 2007 by HO's predecessor in title, Hula Limited, a company incorporated on 23 February 2007.[2] The sign 'HULA' was initially used in relation to a shop located at 103 West Bow in Edinburgh, where, Mr Borgen-Nielsen says, HO's business is still located today. A copy of a lease agreement dated 13 July 2007 for the premises located at 103 West Bow is exhibited.[3] There is also a copy of a printed article published on 4 November 2007 in the newspaper 'Scotland on Sunday' which refers to the opening of three 'HULA JUICE BARS' in Edinburgh in less than 3 months.[4] Copies of archive pages from what is said to be HO's old website (www.hulagood.com) show that by 08 August 2007 the website mentioned that there were three 'HULA' shops in Edinburgh.[5] The new domain name (www.hulajuicebar.co.uk) was registered on 12 September 2010[6] with the social media accounts being set up shortly after, including Twitter (with the account being registered in November 2010), Facebook (with the account being registered in February 2011), and Instagram (with the account being registered in 2014).

35. According to Mr Borgen-Nielsen, in 2018 HO bought the goodwill in the mark 'HULA' from Hula Limited for £380,000. Evidence of this is provided in the form of a copy of an agreement dated 21 March 2018 by which HO purchased the property interest and the business relating to 'HULA JUICE BAR' including the goodwill and any other intellectual property rights used in connection with the business.[7]

36. Mr Borgen-Nielsen also says that HO continues to use the sign 'HULA' in relation to café and restaurant services at two locations in Edinburgh as well as providing deliveries and catering at events and festivals.

---

[2] PJBN1
[3] PJBN1
[4] PJBN1
[5] PJBN1
[6] PJBN3
[7] PJBN2

37. Annual sales and advertising figures are provided in the table reproduced below and are said to relate to the provision of café and restaurant services in class 43:

Year	Sales £	Advertising £
2007/08	124,645	2,595
2008/09	266,583	998
2009/10	308,241	Not Stated
2010/11	282,159	1,048
2011/12	335,120	878
2012/13	403,220	1,904
2013/14	516,909	2,188
2014/15	586,946	1,246
2015/16	579,199	1,473
2016/17	722,806	12,473
2017/18	603,356	Not Stated
2018/19	798,176	2,950

38. Mr Borgen-Nielsen says that he prepared the above table ***"based on exhibit PJBN5".*** Ms Michaels criticised this evidence pointing out that the above figures are not corroborated by the abbreviated accounts exhibited at PJBN5. She stated:

> *"Mr Borgen-Nielsen says that he based the figures upon his exhibit PJBN5. He does not suggest he had personal recollection of or other sources of information for the 2007-9 figures. However, his figures cannot be seen in the Abbreviated Accounts for 26 Feb 2007 to 29 Jan 2008, the 1st document in PJBN5, as the Profit & Loss account is missing. The company's position is shown as having net current liabilities of over £73,000, and no sales or turnover information is given. The next document relates to the year to Jan 2011. So, there is nothing in either the WS or the exhibit to substantiate the turnover or advertising figures given for the years 2007-2009."*

39. I have looked at the evidence produced at PJBN5. It contains four Abbreviated Accounts, namely for (1) the period 26 February 2007 to 29 January 2008, (2) the year ending 29 January 2011, (3) the year ending 29 January 2014 and (4) the year ending 29 January 2018.

40. Ms Micheals is correct in what she says about the Abbreviated Accounts for the period 26 Feb 2007 to 29 Jan 2008 not showing any turnover, but providing only the following information: (a) tangible assets (£20,535), (b) debtors (£5,382), (c) creditors

(£79,892), (d) net current liabilities (£73,892) and (e) total assets less current liabilities (£53,357). Although I also note a section called “profit and loss account” (£53,457) under the heading “CAPITAL AND RESERVES”, this seems to be the difference bewteen the liabilities (£73,892) and the assets (£20,535). Further, whilst the notes to the Abbreviated Accounts state: *“Turnover-the turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax”,* the amount shown under the section “profit and loss account”, namely £53,457, does not correspond to that given in the table, namely £124,645; whilst it is possible that this might be a comment on how the turnover was taken into account in calculating the final profit/loss figures, nowhere in the 2007/2008 Abbreviated Accounts is there any turnover figure. The same goes for the other Abbreviated Accounts - I am unable to match them with the figures shown in the table. The only exception is the Abbreviated Accounts from 2011; this clearly indicates that the turnover for the period 29 January 2010 to 29 January 2011 is £282,159 which corresponds to that shown in the table.

41. Mr Borgen-Nielsen provides a selection of “sale invoices” which, he states, “*show sales of goods and services under the mark with customer and suppliers”*.[8] Mr Borgen-Nielsen’s statement is not actually correct because some of the documents produced seem to be invoices issued by suppliers of foods to HO (or its predecessor in title) and so they cannot show use of the sign ‘HULA’ by HO (or HO’s predecessor in title) in relation to its goods and services. For example, the first document is a report by a company called Lomond Fine Foods which lists orders taken between November 2009 and December 2010 from HULA LTD 103/105 West Bow’ as shown below:

[redacted]	**Lomond Fine Foods** 75 Keppochhill Drive, Glasgow, G21 1HX	[redacted]
Printed by stacey 11/ 1/21 10.35 Path: START->d->a->n	**Customers Transaction Summary**	Page 1

Report only includes transactions for account HULAED - *********closed*******
Report shows transactions with a Tax Point (Delivery) date between 1/ 1/10 and 31/12/10.

Date	Type	Trans	Order No	Code	Name & Address	Ex Vat	Vat	Total
6/ 1/10	INV	621341	By Telephone	HULAED	*********closed*******, Hula Ltd, 103/105 West Bow, Victori	73.92	6.00	79.92
7/ 1/10	CRD	622040	621341	HULAED	*********closed*******, Hula Ltd, 103/105 West Bow, Victori	-16.40	0.00	-16.40
11/ 1/10	INV	622831	By Telephone	HULAED	*********closed*******, Hula Ltd, 103/105 West Bow, Victori	53.93	0.00	53.93
19/ 1/10	INV	625733	By Telephone	HULAED	*********closed*******, Hula Ltd, 103/105 West Bow, Victori	28.89	0.00	28.89
22/ 1/10	INV	627048	By Telephone	HULAED	*********closed*******, Hula Ltd, 103/105 West Bow, Victori	39.71	0.00	39.71

[8] PJBN6

42. The most this evidence shows is that in 2009/2010 HULA LTD, i.e. HO's predecessor in title, bought goods from a supplier of food for a total of around £37K. Similarly, the exhibit includes two additional invoices issued by third-party companies to HO's predecessor in title on 21 September 2008 and 28 October 2008 for the purchase of various foodstuffs amounting to £70 each.

43. Other invoices are for marketing material and advertising space purchased by HO (or its predecessor in title), including an invoice for *"full-page back cover ad in autumn '18 and spring '19 brochure"* amounting to £1,080 (13 December 2018), an invoice for *"gloss artboard"* amounting to £119.50 (28 November 2008) and an invoice for an advert in the newspaper 'The Skinny', January 2013 issue, amounting to £273.

44. The only invoices evidencing sales by HO's predecessor in title to customers are for event catering and are as follows: (a) an invoice dated 31 July 2009 for event catering for 20 people for a total of £156.40; (b) an invoice dated 2 October 2009 for event catering for 45 covers, for a total of £245.25; (c) an invoice dated 28 January 2009 for a catering event for 50-60 covers for a total of £295. The first invoice is issued to a company without an address, the second and third invoices are issued to companies with an address in Edinburgh.

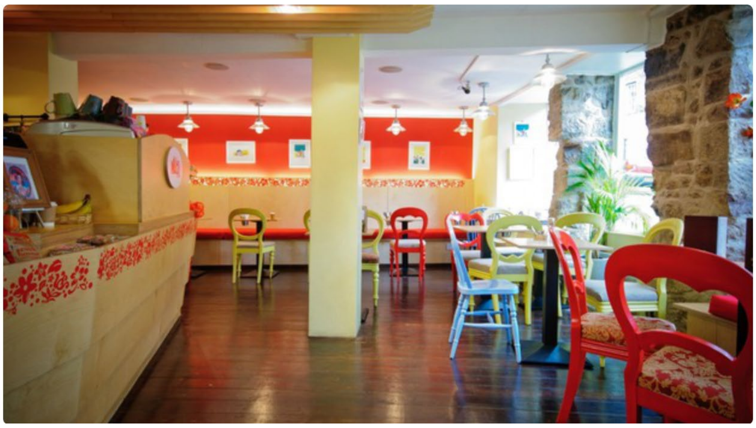
45. PJBN7 contains some marketing material including a copy of a 'HULA' flyer (shown below); the flyer is undated but is presented after a copy of an email dated 28 January 2009 headed *"new project-hula flyer-now becoming a skinny advert"*

46. The next document exhibited at PJBN7 consists of copies of webpages from the website www.5pm.co.uk showing an article dated 22 April 2013 listing the finalists of the Scottish restaurant award 2013 which include ‘HULA JUICE BAR’ (Edinburgh) in the category *“Best use of Social Media”*. Another article from 21 June 2013 also refers to ‘HULA JUICE BAR’ and states:

Hula Juice Bar is Top of Tweets at Scottish Restaurant Awards

June 21, 2013 | By Foodable Network

Nestled at the bottom of a small town in Scotland is Hula Juice Bar, a small but well-known cafe and juice bar. While the space may be small, their social presence is not. Hula is a social giant and the recent winner of the Scottish Restaurant Award's 'Best Use of Social Media.'



47. Further, PJBN7 contains copy of an article from ‘The Skinny’ dated 8 January 2014 headed *“Food and Drink Survey 2014: the winners Scotland”* which lists ‘HULA’ as one of the winners.

48. The last article exhibited within PJBN7 is from ‘Edinburgh Evening News’. The article, dated 16 April 2015, talks about the owner of ‘HULA CAFÉ AND JUICE BAR’ complaining to the Edinburgh council after two huge bins were placed in front of the café as shown below:

49. PJBN8 contains copies of a menu (undated) and pages from the website TripAdvisor showing that in March 2022 'HULA JUICE BAR AND EATERY' had 1,176 reviews and displaying the content of a review dated 8 September 2009.

50. Finally PJBN9 includes copy of a letter from a supplier, claiming to have supplied the Hula Juice Café in Edinburgh since *"prior to 2007"* and copy of a letter from the Scottish Parliament to 'HULA JUICE BAR' dated 15 July 2009 thanking the owner for her valued contribution to the Scottish Parliament Anniversary event which took place on 1 July.

Facts established by HO's evidence

51. Ms Michaels' conclusions on the evidence – as summarised in her skeleton argument- were as follows:

> *"Adding all of this together, HO has failed to prove that it had any goodwill before April or July 2009. Whilst its predecessor business was trading before that date, the scale and impact of the business is impossible to assess on the basis of HO's evidence. This is no basis for making a finding that it had sufficient goodwill prior to the relevant date to have brought passing off proceedings against NH when it commenced use of HULA."*

52. The evidence indicates that by November 2007, HO's predecessor in title was already trading and continued to trade until it sold the buisness to HO in 2018. However, it is equally clear that the business' activities are on a rather small scale and that the company operates an independent small local café at 103 West Bow, Edinburgh.

53. Whilst the evidence suggests that by November 2007 there were three 'HULA JUICE BARS' in Edinburgh,[9] namely in 103 West Bow, in 42 Home Street and in Edinburgh Zoo, most of the evidence dated after 2007 relates to the 'HULA JUICE BAR' at 103 West Bow. Further, the 2018 agreement by which HO purchased the business from its predecessor in title indicates that what was purchased was *"the operation of retail premises trading as a juice bar, gallery and takeaway […] as a café carried on at the property known as HULA JUICE BAR AND GALLERY, 103-105 WEST BOW EDINBURGH*". Further, whilst Mr Borgen-Nielsen says that the mark was first used in 2007 initially in relation to the shop at West Bow *"before expanding online and to premises at Fountainbridge"*, (and there are some references from social media which confirm the existence of a 'HULA JUICE BAR' at Fountainbridge), it is not clear when the shop at Fountainbridge was opened. Consequently, the only conclusion which I can come to in the circumstances is that:

(a) In November 2007, HO's predecessor in title operated three 'HULA JUICE BARS' in Edinburgh;
(b) At some point between November 2007 and March 2018 the shops located at 42 Home Street and Edinburgh Zoo were closed down and the only shop which carried on trading (and was eventually purchased by HO in March 2018) was the one located at 103 West Bow;
(c) The closure of the shops located at 42 Home Street and Edinburgh Zoo is likely to have occurred prior to 27 January 2011 because a copy of a webpage from the Wayback Machine displaying the website www.hulajuicebar.co.uk (as it appeared on that date) mentions only the 'HULA JUICE BAR' at 103-105 West

[9] Both references are contained within PJBN1, the first reference is from an article dated November 2007 and the other is from the old website and is also dated 2007.

Bow.[10] However, a flyer attached to an email dated 28 January 2009[11] refers to two locations, namely that at 42 Home Street and that at 103 West Bow, which means that the shop at Edinburgh Zoo must have been closed down before 28 January 2009 and the shop at 42 Home Street must have been closed down between 28 January 2009 and 27 January 2011;

(d) After HO purchased the 'HULA JUICE BAR' business located at 103 West Bow in 2018, another 'HULA JUICE BAR' was opened at Fountainbridge. This is likely to have occurred prior to 14 September 2019 because a Twitter post from 14 September 2019 refers to the 'HULA JUICE BAR' at Fountainbridge.[12]

54. At the hearing, Mr Wood contended that HO's goodwill extends to the whole of the UK because HO's shop is located in Edinburgh's historic old town and Edinburgh is the second most visited city in the UK. I reject the submission. Although Edinburgh is doubtless a tourist hotspot, and people from outside the area probably will have used HO's services, the scale of such use is not adequately established to show UK-wide goodwill. The evidence relating to the supply of catering services is also consistent with the services being provided locally to customers based in Edinburgh. Although Mr Wood claimed that the business was advertised nationally, the evidence does not support his conclusion because: (a) although there is evidence of HO's predecessor in title having acquired the domain name www.hulajuicebar.co.uk in September 2010, there is no evidence about the geographical location of the web users; (b) although there is some evidence of advertising, which Mr Wood claims relates to national newspapers and magazines, it amounts to only a few examples and there is no evidence about the circulation figures and/or geographical reach of the magazines/newpapers where HO's 'HULA' business was advertised.

55. In terms of turnover, whilst I note Ms Michaels' comments on the fact that (most of) the turnover figures are not corroborated by the Abbreviated Accounts, they are not strictly inconsistent with each other – I use the term 'inconsistent' in the sense that it is not the case that Mr Borgen-Nielsen's statement says one thing and the Abbreviated Accounts say something different.

---

[10] PJBN3
[11] PJBN7
[12] PJBN4

56. My starting point is that the turnover figures have to be viewed along with all other evidence filed by HO, including Mr Borgen-Nielsen's declaration that the *"facts in his statement come from [his] own personal knowledge or the records of [his] company and are true".* Further, the fact that the challenge to the turnover figures was only made at the hearing, puts HO at a disadvantage in relation to anything that it had not had the opportunity to comment on previously. Finally, whilst evidence does not have to be accepted in the absence of cross-examination, if NH wished to challenge the truth of Mr Borgen-Nielsen's witness statement, it should, at least, have challenged it during the written stage of the proceedings, which has not been done.

57. In *Robot Energy Limited v Monster Energy Company* [BL O/308/20] Ms Emma Himsworth, as the Appointed Person, reviewed the case-law covering the weight to be attached to a witness's evidence in the absence of cross examination, as set out in *Pan World Brands v. Tripp (EXTREME)* [2008] RPC 2, *Williams and Williams v. Canaries Seaschool SLU (CLUB SAIL)* [2010] RPC 32 and *Advanced Perimeter Systems Ltd v. Keycorp Ltd (Multisys Trade Mark)* [2012] RPC 14 at paragraphs [17] to [22]. Ms Himsworth noted that, where the truth of a witness's evidence was challenged during the written stage of the proceedings, the requirement set out in EXTREME to accept evidence that was not challenged through cross-examination, did not apply. The Appointed Person stated that:

> "73. As was made clear in the decision in CLUB SAIL grounds of opposition cannot be rejected automatically on the basis that the witness who sought to refute them was not cross-examined. It is necessary to form a view as a matter of judgment whether the evidence is sufficient to establish the relevant fact which requires, as the Hearing Officer correctly said, the decision taker to consider the evidence as a whole. That the Hearing Officer took this view is entirely consistent with the guidance set out in CLUB SAIL (and EXTREME and MULTISYS). This includes weighing up in particular (1) the power of one side to produce the evidence and the other to contradict it; and (2) the plausibility of the positions that have been adopted in the context of the evidence as a whole which entails where the parties have elected to proceed without cross-examination accepting that the evidence of one witness might be found to have been disproved or displaced by the evidence of another."

58. I do not understand the above guidance to apply when the evidence has not been challenged during the written stage of the proceedings (as is the case here). It follows that unless the evidence is unbelievable or wholly inconsistent, it would be wrong not to regard it as reliable in the absence of a challenge (on paper or through cross-examination) during the written stage of the proceedings.

59. In this case, whilst the turnover figures for the years 2007-2009 and 2012-2019 do not find corroboration in the Abbreviated Accounts, the one figure which is replicated (that for 2010/2011) is correct. PJBN5 also appears only to show a few years' accounts, which suggests that Mr Borgen-Nielsen must have had access to other documents and/or records that have not been exhibited. This would be, in my view, a legitimate reading of Mr Borgen-Nielsen's specific statement that he prepared the turnover figures *"based on exhibit PJBN5 containing a selection of the company accounts"* considered in tandem with the more general statement at the beginning of his evidence that *"the facts of [his] statement come from [his] own personal knowledge or the records of [his company]".*

60. Before I turn, finally, to the question of whether HO had established goodwill at any given date, I will turn to NH's evidence as this will have an impact on whether HO needs to establish goodwill at an earlier relevant date.

NH's evidence relating to use of the sign 'HULA'

61. As I have already said, in order for HO to succeed in its claim, it would need to establish goodwill at both the *prima facie* relevant date, i.e. 13 February 2019, and any earlier relevant date. Whilst HO must show that it had the necessary goodwill at the date on which NH's actionable use began, NH's evidence must be sufficiently cogent to support its claim to a date of use earlier than 13 February 2019.

62. NH's evidence is provided by Mr Blackburn who has been the managing director of NH since its incorporation. Mr Blackburn also claims to have previously been the finance director at Mark Andrew Development Limited (MAD), which is NH's predecessor in title and, it is said, operated all 'HULA' branded sites between 2005 and 2018.

63. The accuracy of parts of Mr Blackburn's evidence has been challenged by HO through evidence. This comes from Mr Tidman, HO's representative in these proceedings. First, Mr Tidman takes issue with Mr Blackburn's statement that he worked as finance director at MAD and provides (as exhibit OJT2) a copy of a document evidencing MAD's appointments. None of these mention Mr Blackburn. Although Mr Tidman must be right in saying that this demonstrates that Mr Blackburn has never been appointed as a formal director at MAD, this does not necessarily mean that Mr Blackburn lied, because, I would think, it is possible for a person's job to include the word "director" to indicate the high level of responsibility without being formally appointed to the company's board of directors (and/or without being formally appointed as an official for the purpose of Companies House records).

64. Going back to the evidence of Mr Blackburn, he says that NH is the owner of 'HULA', a late-night hospitality venue based in Manchester's Northern Quarter serving alcoholic drinks. NH was initially incorporated under the name HNQ Limited ("HNQ") on 6 November 2018 and later changed to its current name on 5 December 2018.[13] In November 2018, HNQ purchased *"the unencumbered interest in stock and assets and goodwill of MAD"* (which is said to be now in liquidation) from an asset management company[14] and on 13 February 2019 it applied to register the trade mark that is subject to the invalidity action brought by HO.

60. According to Mr Blackburn, NH (Mr Blackburn refers to NH as including both his company NH and his company's predecessor in title) has run bars operating under the sign 'HULA' at three different sites since 2005, namely:

(a) a site in West Didsbury, South Manchester, from 2005 to 2018;
(b) a site in Heaton Moor, Stockport from 2017-2018 and
(c) a site in the Northern Quarter, central Manchester, from 2005 to present.

61. In support of this evidence, Mr Blackburn produces two premises licences granted by Manchester City Council for the venue at 11 Stevenson Square, Manchester (the address is otherwise referred to as Northern Quarter) dated 6 April 2009 and for the

[13] ASB1
[14] ASB2

venue at 158 Burton Road, Manchester (the address is otherwise referred to as West Didsbury) dated 25 November 2005.[15] Mr Tidman has challenged this evidence and has filed the results of his own enquiries with Manchester City Council which reveal that according to Manchester City Council's records when the premises licence for the venue at West Didsbury was first issued in November 2005, the premises was called 'M20' and the premises name was subsequently updated in March 2014 to 'M Tiki' (upon request by a representative of the license holder) and later changed to 'HULA' after a "DSP Variation" was granted in December 2015.

62. Mr Wood contended that the premises licence shown by Mr Blackburn for West Didsbury is misleading insofar as it was issued to a venue called 'M20' and was only changed to 'HULA' in December 2015. He also drew attention to the fact that NH chose to do nothing to correct or explain its evidence. Mr Wood's point that Mr Blackburn's evidence in relation to the premises licence for West Didsbury does not tell the full story is correct. However, that does not mean that I ought to disbelieve everything that Mr Blackburn said and/or that Mr Blackburn purposedly omitted that the West Didsbury premises had a different name when the licence was granted.

63. Whilst it cannot be excluded that Mr Blackburn was aware of and chose not to disclose the fact that the premises at West Didsbury did not adopt the name 'HULA' until 2015 because it would not have supported NH's claim that its predecessor in title used the mark 'HULA' since 2005 (especially in view of the fact that he worked for the company running the venue from 2005) it is also possible that he did not know. As Ms Michaels argued, Mr Blackburn did not purchase the business until 2018 and it is not obvious from the premises licence that, when the licence was initially granted in November 2005, the premises was not called 'HULA':

[15] ASB3

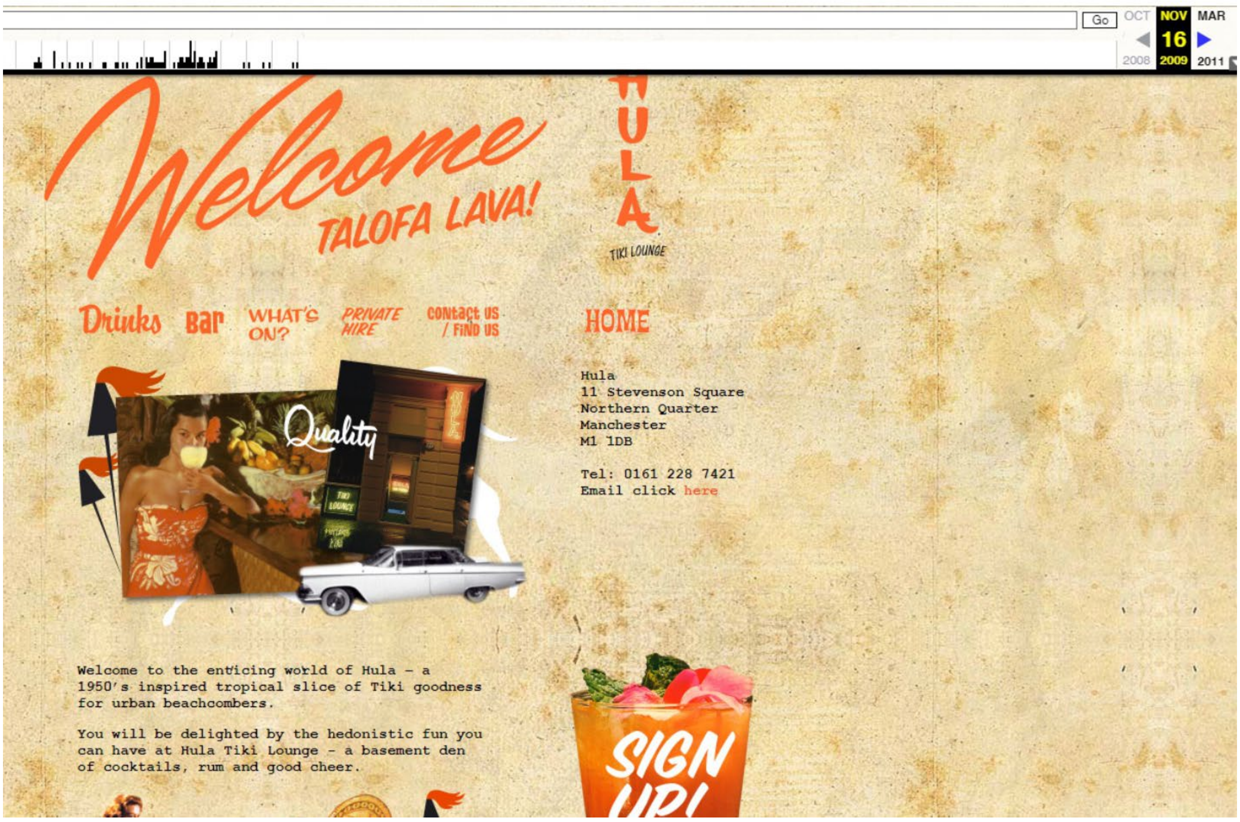
LICENSING ACT 2003
PREMISES LICENCE

Premises licence number	**052983**
Granted	**25/11/2005**
Latest version	**DPS Variation 183240 (granted 26/12/2015)**

Part 1 - Premises details

Name and address of premises
Hula 158 Burton Road, Manchester, M20 1LH
Telephone number
0161 445 6800

64. Nevertheless, there is nothing to cast doubt on the premises licence for the 'HULA' venue located in the Northern Quarter which is dated 6 April 2009. Further, there is an instance showing use of the mark 'HULA' on a webpage from www.hulabar.co.uk dated 16 November 2009 (obtained using the Wayback Machine) in relation to the venue located at 11 Stevenson Square Manchester (Northern Quarter) as shown below.[16] Although it is not clear as to the exact date of first external use, from this page it is possible to conclude that by 16 November 2009, the venue located at 11 Stevenson Square Manchester was already trading under the sign 'HULA':



[16] ASB11

65. In my view, the above use represents the earliest evidence of an offer to market NH's services under the contested mark and is capable of being the beginning of the behaviour complained about. As a result, 16 November 2009 will form the first relevant date.

HO's position at the earlier relevant date of 16 November 2009

66. As I have said earlier in this decision, HO must show that it had the necessary goodwill at the date on which NH's actionable use began. In *Casablanca Trade Mark*, BL O/349/16, where Mr Thomas Mitcheson QC, sitting as the Appointed Person, observed:

> "35. I think it is clear from the remainder of §165 of the judgment of Kitchin LJ that generation of goodwill by the applicant is not required. This is because he goes on to explain that it is the opponent who must show that he had the necessary goodwill and reputation to render that use actionable on the date that it (i.e. the applicant's use) began.
>
> 36. This is entirely consistent with the more lengthy discussion of the topic in the decision of Daniel Alexander QC in the *Multisys* case (*Advanced Perimeter Systems Ltd v Keycorp Ltd* [2012] R.P.C. 14). See the passage at §§35-45 which reviews many of the authorities which were cited to me, including the earlier *Croom* decision of Geoffrey Hobbs QC. It is correct that, as the Opponent pointed out, §49 of Croom refers to the build up of goodwill (rather than mere use) as justifying the designation of senior user, but it does not appear that the precise point in issue in Multisys or the present case was in issue there, and in any event I consider that I am bound by Assos and I would have followed the later Multisys case anyway.
>
> 37. Accordingly the relevance of the activities of the applicant is limited to establishment of the date that the actionable use began. Once that date is established, the only question of goodwill arises in respect of the opponent's activities. As the Applicant in the present case pointed out, self-evidently it would only be in very exceptional circumstances that a party would have

established goodwill at the point in time at which it commenced the use complained of. The establishment of goodwill would take much longer. But the authorities recognise that it is the date that the activity commenced which is the crucial one, and so in my judgment it cannot be necessary for goodwill to have been accrued at that time.

38. That does not mean that it is irrelevant what happens after the first alleged date of commencement. Clearly if the activity ceased or changed materially between the date of commencement and the date of application for the trade mark then this must be taken into account, as it may mean that the true date of commencement of the activity complained of is later or that the activity complained of cannot properly be said to have properly commenced at all (if it was later abandoned). This is all a matter of fact and degree and is no doubt why Kitchin LJ expressed it as “a matter which must be taken into account” rather than as being determinative of the issue. However it does not mean that what is required is anything more than the commencement of the activity which is carried on in such a way as to fix the date of assessment. There is no greater requirement to prove goodwill on that date.”

67. I will now go on to apply those principle to the facts of this case.

68. According to the evidence, HO’s predecessor in title must have started trading under the sign ‘HULA JUICE BAR’ after 13 July 2007 (that is the date shown on the lease agreement), which is 2 years and three months prior to the date NH’s use begun on 16 November 2009. Although it is unlikely that HO’s predecessor in title started trading the day after the licence was granted, the evidence is sufficiently clear that as at 4 November 2007 the ‘HULA JUICE BAR’ located at 103-105 West Bow was up and running in business as an independent small café, juice bar and art gallery.[17] This shop continued to trade without interruption and, in March 2018, it was sold to HO who paid £380,000 for the goodwill. The evidence does not clearly say how long the other two shops (mentioned in the article dated November 2007) remained opened, and

[17] There are multiple references in the evidence to HULA being also a gallery

although the flyer at [45] suggests that at least one was still operating in January 2009, it is impossible to say whether that was still the case at 16 November 2009.

69. The business was voted best Edinburgh café by readers of the magazine “The Skinny” in 2014[18] and won an award at the Scottish Restaurant Awards 2013 for use of social media.[19] However, these awards do not assist HO’s case because they are after the earlier relevant date of 16 November 2009.

70. By 16 November 2009, the business had no social media accounts. Although there is evidence that by 8 August 2007 the business had a website, the new domain name was purchased in 2010 and it is not clear how many users would have used the old website and to what extent HO’s predecessor in title used the old website to advertise the business.

71. There is only one customer review and three invoices evidencing sales by HO’s predecessor in title to customers prior to 16 November 2009. The invoices are all for event catering and are for minuscule amounts, namely £156.40, £245.25 and £295. There is also evidence showing that HO’s predecessor in title bought goods from a supplier of food, however, the sales dated prior to 16 November 2009 amount to less than £750 and are dated from 2 November 2009 to 13 November 2009, a few days before the earlier relevant date. There are two additional invoices dated in 2008 but they also are for tiny amounts, being £70 each. In terms of marketing, only one invoice pre-dates the earlier relevant date of 16 November 2009 (the invoice for “gloss artboard” amounting to only £119.50).

72. Whilst this evidence is far from being overwhelming, it supports HO’s claim that it was trading since 2007 and that its trade was genuine and real *plus*, as it will be recalled, I have already accepted the evidence of turnover despite Ms Michaels’ criticisms. Likewise, I accept Mr Borgen-Nielsen’s figures for advertising, which amount to around £2,500 for the years 2007-2009.

[18] PJBN7
[19] PJBN7

73. The next question is whether the scale of HO's use gives rise to goodwill sufficient to sustain its action for passing off.

74. In her skeleton argument Ms Michaels stated that *"it is hard to show that very small-scale use has established significant goodwill"* and that *"any goodwill owned by HO at the relevant date was small and localised, related to a single café, perhaps doing some catering on a minuscule scale and connected with the name HULA JUICE BAR. It was certainly not goodwill which involved trading throughout the UK, as pleaded, nor is there evidence that its goodwill extended beyond Edinburgh*". In this connection, Ms Michaels referred me to the decision in *Hart v Relentless Records* [2002] EWHC 1984 (Ch). In that decision Jacob J. (as he then was) said that goodwill must be <u>more than trivial</u> in extent. He stated:

> "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 <u>s.2(2) of the Trade Marks Act 1994</u>. 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 <u>BALI Trade Mark [1969] R.P.C. 472</u>. 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."

75. Whilst the possession of any, or nominal, goodwill is not automatically sufficient to allow a finding of passing off and goodwill must be more than trivial in extent, small/modest and localised goodwill can qualify for protection in passing off proceedings. There are plenty of cases, in which the courts have taken this approach.

76. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, the Court of Appeal in England and Wales 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.

77. In *Henry Martinez t/a Prick & Another v Prick Me Baby One More Time Ltd & Another* [2018] EWHC 776, the Intellectual Property Enterprise Court of England & Wales (IPEC) found that the claimant, a tattoo artist of some repute, had operated a tattoo and piercing parlour in Shoreditch, London, since 2001 and had localised goodwill in the relevant area of London which included the location of the defendant's shop. The court found that there was no material misrepresentation, but as regards goodwill, it stated (emphasis added):

> "Goodwill was defined by Lord McNaughten in Inland Revenue Commissioners v Muller & Co's Margarine [1901] AC 217, 233 HL as:
>
> > "…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 new custom. It is the one thing which distinguishes an old-established business from a new business at its first start."
>
> Goodwill arises from trading, and as such is distinct from reputation which may exist without trading, <u>but the burden for establishing goodwill is not high and even very limited trading over a short period of time giving rise to modest goodwill can support an action for passing off</u> (*Stannard v Reay* [1967] F.S.R.

140 (Ch)). <u>Goodwill does not need to extend throughout the UK, or even England & Wales, in order to support a claim for passing off. It may be geographically localised</u> (*Brestian v Try* [1958] R.P.C. 161 (CA(Civ))).” (emphasis added)

78. Although that was an infringment case, the same principles apply in invalidity and opposition proceedings.

79. In *Chelsea Man Menswear Limited v Chelsea Girl Limited and Another* - [1987] RPC 189 (CA), Dillon L.J. stated that:

> “.........However, we have before us the case of plaintiffs with a strong reputation and goodwill in certain parts of the country, particularly Coventry and Oxford Street, which is faced with threats by the defendants to use the name “Chelsea Man” in all or any parts of the country in connection with the sale of men's clothing, in such a manner as is likely to mislead potential customers of the defendants and thereby to injure the plaintiffs' goodwill. Since the intended use by the defendants of the name “Chelsea Man” is nationwide, *prima facie*, it seems to me, the plaintiffs must be entitled to ask for a nationwide injunction. In my judgment, on the facts of the present case, the court would be justified in circumscribing the ambit of the injunction to narrower limits than England and Wales (which are the limits accepted by the plaintiffs) only if it were satisfied that the use by the defendants of the name “Chelsea Man” outside those limits in connection with their business *would not be likely substantially to injure the plaintiffs' goodwill.* I am far from satisfied that this is the case, for a number of reasons.
>
> If it be assumed, for the sake of argument, that the injunction were confined to the three proposed restricted areas, it also has to be assumed that there is a live possibility, perhaps amounting to a probability, that the defendants with their large resources and wide chain of existing shops, would soon be using the name “Chelsea Man” in trading in towns close to the borders of some or all of those areas.

I do not propose to embark on a further examination of the evidence of which counsel on both sides have given us a careful and helpful analysis. In my judgment, it clearly shows that the use by the defendants of this name or mark even outside such areas would be likely to cause substantial confusion between the plaintiffs' and defendants' respective businesses, and thus to cause damage to the plaintiffs' business within those areas......"

80. In *Caspian Pizza Ltd v Shah* [2017] EWCA (Civ) 1874, the opponent's earlier right in the Worcester area was held to be sufficient to prevent the applicant from acquiring a national trade mark that was valid throughout the UK. The court stated that the goodwill generated by the business did not have to be UK-wide, or even in a significant part of the UK, and that it was enough that it had developed a reputation within the particular locality of Worcester, sufficient to bring a claim against the mark owner for passing off.

81. In *Saxon Trade Mark* [2003] FSR 39 (HC), Laddie J. identified different considerations that apply where the senior and junior users have only local goodwill and one proposes to trade in the area in which the other has established goodwill (or, by analogy, makes an application to register a national mark which implies such an intention). In dealing with an appeal from a decision of a hearing officer on behalf of the Registrar, the judge stated that:

"32. Mr Foley appears to have construed the section as if it is only concerned with cases where the use of the mark by the proprietor starts after use of the same or a similar mark by someone else. I do not think that this is what the section says. For the prohibition to bite, all that needs to be shown is that, at the time of the application to register, the normal use of the mark by the proprietor would be liable to be prevented by passing off proceedings brought by someone else. It may well be that in most cases this will only arise when the other party had commenced using his mark before the proprietor, but it is not inevitably so and the section does not require it to be so. The fact that the convenient title "proprietor of an earlier mark" is used to designate the other party does not limit the scope of the section. Consider, for example, a case in which one proprietor uses a mark on a retail clothing business in Manchester and the other uses it on a similar business in Plymouth. They commence trade at the same time. Their trades do not compete because of the geographical separation. Assume the Manchester trader registers the mark. Normal use of it would include use in Plymouth. That would be liable to give rise to a cause of action in passing off (see *Levey (A.A.) v Henderson-Kenton (Holdings) [1974] R.P.C. 617* and *Evans v Eradicure [1972] R.P.C. 808*). For that reason the registration by the Manchester trader would fall foul of s.5(4)(a) even though the Plymouth trader commenced use of the mark at the same time. For the same reason the Plymouth trader could not register the mark."

82. It is clear that HO is a small, geographically localised and independent business café, limited to the city of Edinburgh. By the earliest relevant date of 16 November 2009, the business had been trading for approximately two years, it had opened three shops and had generated £391,228 in the period end-of-January 2007–end-of-January 2009. In addition to that, the business must have generated at least a good proportion of the revenue for the period end-of-January 2009-end-of-January 2010, which is around £308,000.

83. Taking all the relevant factors into account, I am satisfied that at the earlier relevant date of 16 November 2009, HO's predecessor in title had a modest but sufficient goodwill to be able to prevent NH from using its trade mark.

84. After 16 November 2009, the main business located at at 103 West Bow carried on trading and was sold to HO by its predecessor in title in March 2018. HO paid £380,000 for the goodwill. The business's activity did not cease or change materially between the earliest relevant date of 16 November 2009 and the date NH applied to register its trade mark on 13 February 2019, generating a turnover of over £5.5 million between 2007 and 2019. That is, in my view, more than sufficient for HO to establish sufficient goodwill (before NH applied to register its mark) to qualify for protection under the law of passing off.

85. The last question is about the sign and the services to which HO's goodwill is attached and/or extends.

86. The case pleaded by HO is that the sign to which the protectable goodwill attaches is ‘HULA’. Ms Michaels’ position was that if HO is found to have sufficient goodwill to sustain its passing off claim, then HO’s goodwill must attach to the name “Hula Juice Bar” rather than just “Hula”.

87. The name of the buisness as shown in the agreement by which HO bought the business in 2018 from its predecessor in title is as follows:

> “HULA JUICE BAR AND GALLERY or any colourable imitation of it”

88. The term ‘colourable imitation’ seems to refer to the sign below which is shown on menus and invoices as well as on the webiste, and appears to be displayed in the window of the shop as shown by the picture reproduced at [48]:

89. The addresses of the websites hulajuicebar.co.uk and hulajuicebar.com also incorporate the words ‘HULA JUICE BAR’. The same words also appear on a plastic cup where juices are served as shown below:

90. The name ‘hulajuicebar’ also appears on social media together with the following logos incorporating the words ‘HULA’ and ‘HULA JUICE CAFÉ’, although these

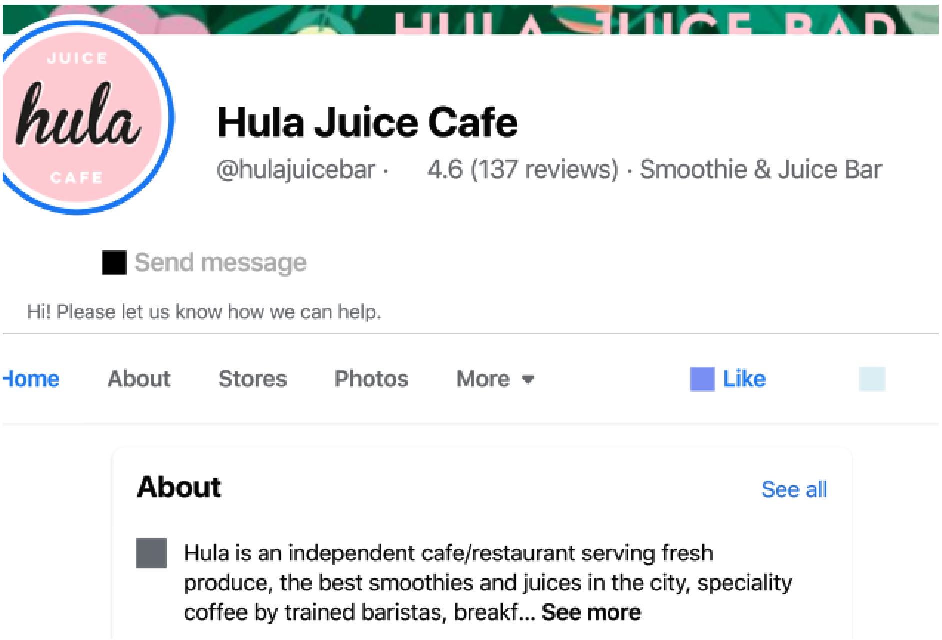
examples are either undated or appears to be more recent, dating from the beginning of 2019 onwards:[20]

92. The same name ‘HULA JUICE CAFÉ’ can also be seen externally on the glass of the shop window located at Fountainbridge in a picture posted on Facebook (undated), which, as it will be recall, is most recent use dating from 2019 owards:

93. The business is also referred to as ‘HULA JUICE BAR’ in the press (see the article shown at [46]), on tripadvisor,[21] and in two letters, one written by a supplier[22] and one by a customer.[23]

94. Evidence from social media operated by HO also shows use of ‘Hula@HulaJuiceBar’ and the business appears to be referred as ‘HULA’ on its own Facebook pages (as shown below) :

[20] PJBN3 and PJBN4
[21] PJBN8
[22] PJBN9
[23] PJBN9



95. As it can be seen, most of the evidence prior to the relevant date relates to the sign “HULA JUICE BAR’ and to the ‘colourable imitation’ of ‘hula’. I am satisfied that the business to which the goodwill attaches is identified by all of those signs.

96. In terms of services, although HO’s pleaded case is that the goodwill extends to a list of very broad services, namely *services for providing food and drink; restaurant services; takeaway food and drink services; snack-bar services; café services; bar services; information, advisory and consultancy services in connection with all of the aforesaid*, it is clear from the menus that HO provides a very limited choice of snacks, such as porrige, soups, sandwiches, wraps, bagels, fruit salads, juices and hot drinks rather than restaurant services. Whilst the name of the business is ‘HULA JUICE BAR’, I consider that the term ‘bar’ would cover a broad range of bar services including wine bars or bars selling alchool which HO does not provide. I agree with Ms Michaels’ submissions made at the hearing that HO’s goodwill extends only to snack-bar services and café services but not to bar services (or any other service).

Misrepresentation

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

> "This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill."

98. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited,* [2013] EWPCC 18 (PCC), Mr Iain Purvis QC, as a Recorder of the Court stated that:

> "54. Mr Aikens stressed in his argument the difference between 'mere wondering' on the part of a consumer as to a trade connection and an actual assumption of such a connection. In *Phones 4U Ltd v Phone 4U.co.uk Internet Ltd* [2007] RPC 5 at 16–17 Jacob LJ stressed that the former was not sufficient for passing off. He concluded at 17:
>
>> 'This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former'".

99. In her skeleton argument, Ms Michaels stated:

> *"Putting HO's case at its highest, if […] HO is found to have had goodwill at the relevant date, it might have been in a position to object to NH providing directly competitive café or restaurant services under the HULA name in Edinburgh. In that case NH accepts as a matter of law that the relevant, limited, part of its registration cannot be excised by an amendment/surrender at this stage and so is vulnerable to cancellation, for the reasons given by the CA in Caspian Pizza [2017] EWCA Civ 1874; [2018] F.S.R. 12 at [23]-[24]. However, the only parts of its registration which would be affected by that ruling would be those services in Class 43 which are identical or extremely similar to the services in which HO had goodwill at the relevant date, namely "Services for providing food and drink; club services for the provision of food and drink; café services; information, advisory and consultancy services in connection with the aforesaid."*

It is not reasonable to suggest that there would have been any misrepresentation by NH by use of the HULA name in relation to "bar services; bars; rum bars; wine bars; cocktail lounges; public house services." Nor has HOL made any kind of a case to that effect in the TM26, the SG or indeed in Mr Borgen-Nielsen's WS – see [16]. This part of NH's Class 43 specification should survive.

Similarly, the use of HULA by NHML in 2009 in relation to a nightclub, bar or similar business would not have been liable to be prevented under the law of passing off, and all of its Class 41 specification should survive the invalidity attack."

100. Although I could sense a degree of reluctance, at the hearing Mr Wood mantained the objection against all of the services in NH's registation.

101. At this point I should also mention that at the hearing Ms Michaels argued that HO's statement of ground was not adequately particularised, because it referred to misrepresentation only in relation to the same field of activity. HO stated:

"Given the applicant's substantial goodwill and reputation in the Hula mark in the field of food and drink services, it is likely that the registered proprietor's use of HULA <u>in the identical field</u> will cause the public to believe that there is an association or connection […..]". (emphasis added)

102. I have hesitation in reading too much into a statement of ground which is very brief. But in any event, in response to the question *"For which goods or services […] do you consider that use of the registered owner's mark would amount to passing off?",* HO thicked the box *"all goods and services".*

103. NH's registration covers the following services:

Class 41: *Entertainment; night clubs; nightclub services; discotheque services; club entertainment services; disc jockey services; organisation of entertainment* *events; organisation, provision and presentation of live performances; live music services; live music shows; live musical performances; live band performances; provision of recorded entertainment; audio-visual display presentations; ticketing and event booking services; ticket reservation services; information, advisory and consultancy services in connection with the aforesaid.*

Class 43: *Services for providing food and drink; club services for the provision of food and drink; bar services; bars; rum bars; wine bars; cocktail lounges; public house services; café services; information, advisory and consultancy services in connection with the aforesaid.*

104. Ms Michaels accepted that, if I find that HO has established sufficient goodwill to sustain its passing off claim, then, HO's invalidity action should succeed in relation to s*ervices for providing food and drink; club services for the provision of food and drink; café services; information, advisory and consultancy services in connection with the aforesaid* in class 43. As I have found that HO's has established sufficient goodwill to sustain its passing off claim, its invalidity action succeeds in relation to these services.

105. As regards the remaining *bar services; bars; rum bars; wine bars; cocktail lounges; public house services; information, advisory and consultancy services in connection with the aforesaid* in class 43*,* Mr Wood argues that these services cover the provisions of food and drink and so use of the identical mark 'HULA' for those services must mislead. Ms Michaels's postiton (as I understood it) was that bar services and bars are comparable to wine bars, cocktail lounges and public house services because they consist in the provision of alchoolic beverages rather than non-alcholic beverages, like the juices that HO has been selling. I do not agree. In my view, the terms *bar* and *bar services* are broad eough to cover both juice bar services (which are a kind of snack-bar services) and bar services that sell alcholic beverages. Consequently, I find that the invalidity also succeds in relation to *bar services* and *bars* in class 43*.*

106. This leaves *rum bars; wine bars; cocktail lounges; public house services.*

107. Whilst users of *rum bars; wine bars; cocktail lounges* and *public house services* normally attend the premises to be served and enjoy alchool, the services often include the provision of food and non alcoholic beverages. It is true that the reputation of HO's business relates to a healthy eatery snack-bar and café serving fresh food and natural fresh juices and smoothies (rather than alchool), however, the field of activities in which providers of *rum bars; wine bars; cocktail lounges* and *public house services* operate is not so far removed from that of HO's that it can be said there is an absence of a common field of activity. Both HO and NH's services contemplate the provision of food and drink and there is in my view a significant degree of overlap between the respective services.

108. Another factor which in my view militates in favour of HO is that although the signs associated with the business, to which HO's goodwill attached, incorporate distinguishing elements, namely the words "JUICE BAR' and the colour and stylisation of the letters (in the sign identified as the colourable imitation' of 'hula') the most distinctive element of HO's signs is the word 'HULA' – which is the only element of NH's mark – because the words "JUICE BAR' are descriptive in the context of the services that have been provided and the colour and stylisation are ornamental. Consequently, there is a high degree of distinctive similarity between the signs.

109. Taking all of the above into account, my conclusion is that use of NH's mark in Edinburgh (as the registration of NH's mark would cover use of the mark in the UK including in Edinburgh) at the relevant date in relation to *rum bars; wine bars; cocktail lounges; public house services* would have caused a substantial number of HO's customers or potential customers to be deceived into believing that there was a connection. This would amount to a material misrepresentation that the services offered by NH are those of HO or are somehow authorised by or connected with HO.

110. In such circumstances, HO's goodwill would be likely to suffer damage as a result of the erroneous belief engendered by NH's misrepresentation.

111. In its statement of ground HO identified the damage which it is likely to suffer as a result of misrepresentation as "financial loss" and "loss of reputation and goodwill". This is in my view a reasonable risk. In the circumstances damage would include,

customers assuming that HO has expanded its line of business offering other services relating to the provision of food and drink, which could cause 1) loss of business if customers would go to NH's premises when they intended to go to HO's premises (this would apply especially where there is direct competition between the services) and/or 2) HO's reputation in the brand associated with a healthy eatery snack-bar and café serving fresh food and natural fresh juices and smoothies, being tarnished by association with the less healthy living style of NH's bars and pubs. **HO's passing off claim succeds in relation to the contested services in class 43.**

112. I turn now to consider the objection against NH's services in class 41.

113. At the hearing Mr Wood argued that the strongest objection to NH's services in class 41 is in relation to those services where there could be the provision of food and drink or the services could be seen as ancillary. In this connection he argued that there could be cross-over with nightclub services if they included the provision of food and drink. However, he accepted that neither party provided evidence on the point or explained in particular what the services involve. In relation to the other services, Mr Wood submitted that they are ancillary simply because one might expect for example to get entertainment alongside food and drink, or food and drink alongside entertainment.

114. I remind myself that HO's goodwill extends only to snack-bar services and café services. Although one might expect a nightclub to sell drinks (alcholic or otherwise), there is no evidence that they sell food. Likewise, there is no evidence that snack-bar services and café services provide entertainment as a complementary service in the same way as, for example, retaurants and hotels might provide live piano music services. The contested services in class 41 are in my view one step removed from HO's snack-bar services and café services and are too far apart for any misrepresentation to arise in a case where I found HO's goodwill to be sufficient but modest.

115. **HO's passing off claim fails in relation to all of the contested services in class 41.**

116. The invalidity action succeeds in relation to the following services:

> **Class 43:** *Services for providing food and drink; club services for the provision of food and drink; bar services; bars; rum bars; wine bars; cocktail lounges; public house services; café services; information, advisory and consultancy services in connection with the aforesaid.*

117. And fails in relation to the following services:

> **Class 41:** *Entertainment; night clubs; nightclub services; discotheque services; club entertainment services; disc jockey services; organisation of entertainment events; organisation, provision and presentation of live performances; live music services; live music shows; live musical performances; live band performances; provision of recorded entertainment; audio-visual display presentations; ticketing and event booking services; ticket reservation services; information, advisory and consultancy services in connection with the aforesaid.*

Outcome of the invalidation

118. The application for invalidation of NH's mark has been partially succesful. The trade mark no. UK00003375139 will remain on the register only for the services listed at paragraph 117 above. The services shown in paragraph 116 above will be removed from the register with effect from 13 February 2019.

119. The consequences of this is that NH can continue to rely only on the services listed at paragraph 117 above in the opposition proceedings, which is where I shall now turn.

<u>OPPOSITION</u>

120. NH's opposition against HO's application no. UK00003591301 is based on Sections 5(1), 5(2)(a) and 5(4)(a) of the Act. I will start with Section 5(1) and 5(2)(a).

Section 5(1) and 5(2)(a)

121. Sections 5(1) and 5(2)(a) of the Act are as follows:

> "5(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.
>
> 5(2) A trade mark shall not be registered if because-
>
> (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, [...] there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark".

122. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG,* Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc,* Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV,* Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH,* Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM,* Case C-334/05P and *Bimbo SA v OHIM,* Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

Comparison of marks

123. Both marks consist of the word ‘HULA’. They are self-evidently identical.

Comparison of goods and services

124. In the judgment of the CJEU in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

> “In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

125. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

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

whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

126. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v OHIM,* Case T-325/06, the General Court ("GC") stated that "complementary" means:

> "...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking".

127. The law requires that goods and services also be considered identical where one party's description of its goods and services encompasses the specific goods and services covered by the other party's description (and vice versa).[24]

128. The goods and services to be compared are as follows:

HO's contested goods and services	**NH's services (services survived after the invalidity action was partially succesful)**
Class 30: ***Tea; coffee; hot chocolate; herbal infusions; fruit infusions;*** *but not including extruded and pelletised or otherwise manufactured or processed tapioca, manioc, rice, maize, wheat or other cereal products and ginger products being confectionary and jelly fruits for snacks;*	**Class 41:** *Entertainment; night clubs; nightclub services; discotheque services; club entertainment services; disc jockey services; organisation of entertainment events; organisation, provision and presentation of live performances; live music services; live music shows; live musical performances; live band performances; provision of recorded entertainment; audio-visual*

[24] See *Gérard Meric v OHIM*, Case T-33/05

Class 32: ***Non-alcoholic beverages; soft drinks; energy drinks; guarana drinks;*** **Class 43:** ***Services for providing food and drink; restaurant services; takeaway food and drink services; snack-bar services; café services; bar services; information, advisory and consultancy services in connection with all of the aforesaid.***	*display presentations; ticketing and event booking services; ticket reservation services; information, advisory and consultancy services in connection with the aforesaid.*

<u>Class 30</u>

129. HO's opposed goods in class 30 are *Tea; coffee; hot chocolate; herbal infusions; fruit infusions.* Ms Michaels submitted that all the opposed beverages in Classes 30 and 32 are similar to NH's bar and public house services, because such beverages would be served in the same premises and a trade connection would be assumed. However, these services have not survived the invalidity action and NH can no longer rely on them.

130. Even if I were to accept that *Tea; coffee; hot chocolate; herbal infusions; fruit infusions* can be served in the venue providing NH's entertainment services (a point in relation to which I am not convinced), the latter are not places whose principal or customary function is to provide retail services in respect of *tea; coffee; hot chocolate; herbal infusions; fruit infusions*, such as, for example, supermarkets. Although HO's products might be offered, ready for consumption, via NH's services, these services cannot be regarded as having the same nature as the goods designated by HO. Further, whilst the average consumer of NH's services is the recipient of the goods within the premises where NH's services are provided, in general, *tea; coffee; hot chocolate; herbal infusions; fruit infusions* are served without any references to the trade mark under which the goods are marketed. Consequently, there can be no coincidence of trade channels from a consumer's point of view, because consumers who purchase *tea; coffee; hot chocolate; herbal infusions; fruit infusions* in venues

providing entertainment (rather than, say, in a retail outlet) are not exposed to the mark under which the goods are branded. The goods and services are of different nature and have different purposes, namely, to entertain the consumers as opposed to quench their thirst. They come from different commercial origin and target different consumers. Moreover, they are not in competition nor complementary to each other. **These goods and services are dissimilar.**

<u>Class 32</u>

131. The contested specification in class 32 covers *Non-alcoholic beverages; soft drinks; energy drinks; guarana drinks.*

132. The same considerations apply here. Even if I were to accept that these goods can be sold in premises providing NH's entertainment and nightclub services and that the goods can be sold in bottles or cans (so that the average consumer will be exposed to the mark under which the goods are marketed) any similarity in trade channel is purely incidental and is neutralised by the fact that the purpose of the goods and services is different, entertainment versus quenching thirst. In my view **these goods and services are dissimilar.**

<u>Class 43</u>

133. The closest clash I can see here is with NH's night clubs and entertainment services.

134. <u>*Takeaway food and drink services; snack-bar services; café services*</u>*.* There is no evidence that night clubs serve food or that providers of *takeaway food and drink services; snack-bar services; café services* provide entertainment services. These services are in my view dissimilar to any of NH's services in class 41 because they have a different function or purpose than entertainment services. Consumer would not switch from one to the other in the normal course of use of the services as they cannot be substituted. The services do not normally have the same distribution channels and are neither in competition nor complementary. **These services are dissimilar.**

135. *Restaurant services.* Although restaurants can provide on-site entertainment such as dances and parties, the latter are merely ancillary. Restaurants do not necessarily need entertainment services to exist and vice versa, although these services may target the same public. Restaurants can host the contested services, but those services are usually provided by separate undertakings engaged by the restaurants. It follows that the relevant public would not perceive the conflicting services as having a common commercial origin. **These services are dissimilar.**

136. *Services for providing food and drink; bar services.*

137. Collins online dictionary provides the following definition of night club:

> *"A nightclub is a place where people go late in the evening to drink and dance."*

138. This corresponds to my perception of a night club as an entertainment venue that is open from the evening until early morning, having facilities such as a bar and disco.

139. Insofar as nightclubs provides bar services, there is a similarity in terms of nature and purpose with HO's bar services. Although the services belong to different classes, they coincide (partially) in terms of nature and purpose, share trade channels, and target the same users. In my view **these services are similar to a medium degree.**

140. The same applies to HO's *services for providing food and drink* insofar as they are broad enough to covers *bar services.*

Outcome of the opposition under Section 5(1)

141. Given the differences in the services (which either dissimilar or similar to a medium degree but not identical as required by Section 5(1) of the Act), the opposition fails under Section 5(1). However, the identity of the services is not a requirement under Section 5(2)(a), which is where I will now turn.

Average consumer

142. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer,* Case C-342/97.

143. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited,* [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

> "60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words "average" denotes that the person is typical. The term "average" does not denote some form of numerical mean, mode or median."

144. The average consumer for the respective services is a member of the general public. The services are not purchased infrequently and are not expensive so they will be selected with a medium degree of attention. The purchasing process is a visual one, as the services will be selected visually from advertisements, catalogues, websites, signages, etc, although I do not discount aural consideration completely.

Distinctive character of earlier mark

145. In *Lloyd Schuhfabrik Meyer & Co. GmbH* v *Klijsen Handel BV,* Case C-342/97 the CJEU stated that:

> "22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the

goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *WindsurfingChiemsee* v *Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)."

146. Registered trade marks possess various degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use made of it.

147. The earlier mark consists of the word 'HULA'. Cambridge online dictionary defines 'HULA' as *"a traditional dance from Hawaii, performed by dancers wearing grass skirts".* The mark is neither allusive nor descriptive of the services at issue. In my view, the mark 'HULA' is inherently distinctive to a medium degree.

148. Although NH has provided evidence of use, there is no indication of market share and although sales figures are provided for the years 2013-2021 which range between nearly £1m to over £2m between 2013-20218, they suddenly drop in the two years preceding the relevant date of 5 February 2021 to £152,000 (2020) and £794,000 (2019) and the use shown is geographically limited to a very small area, namely the city of Manchester. Hence, even if NH had claimed enhanced distinctiveness, I would

have found that the use shown is not sufficient to have enhanced the distinctiveness of the mark to any material extent.

Likelihood of confusion

149. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the earlier mark, the average consumer for goods and services and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between marks and must instead rely upon the imperfect picture of them that they have retained in their mind.

150. Confusion can be direct or indirect. The difference between these two types of confusion was explained in *L.A. Sugar Trade Mark,* BL O/375/10, where Iain Purvis Q.C. as the Appointed Person explained that:

> "16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: "The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right ("26 RED TESCO" would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as "LITE", "EXPRESS", "WORLDWIDE", "MINI" etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension ("FAT FACE" to "BRAT FACE" for example)."

151. I have already found that the goods in class 30 and 32 are dissimilar. The same goes for some of the services in class 43, namely *restaurant services; takeaway food and drink services; snack-bar services; café services; information, advisory and consultancy services in connection with all of the aforesaid*. Since there can be no likelihood of confusion where the goods and services are dissimilar, the opposition fails in relation to the following goods and services:

Class 30: *Tea; coffee; hot chocolate; herbal infusions; fruit infusions;*

Class 32: *Non-alcoholic beverages; soft drinks; energy drinks; guarana drinks;*

Class 43: *restaurant services; takeaway food and drink services; snack-bar services; café services; information, advisory and consultancy services in connection with all of the aforesaid.*

152. As regards the remaining *services for providing food and drink; bar services,* I found the competing services to be similar to a medium degree. The average consumer is a member of the general public who will select the services visually with a medium degree of attention, although I do not discount aural considerations. The marks are identical. The earlier mark has a medium degree of distinctiveness.

153. In relation to these services I find that the identity of the marks is sufficient to offset the medium degree of similarity between the services. There is a likelihood of direct confusion, insofar as the identity of the marks will cause the average consumers to believe that the contested services are an extension of NH's business under the earlier mark 'HULA' and that NH (or an undertaking economically connected to NH) is responsible for them. The opposition succeeds for *services for providing food and drink; bar services* in class 43 under Section 5(2)(a).

Section 5(4)(a)

154. I can address this ground very briefly. Earlier in this decision, I found that NH began use of the mark in around November 2009 and that HO was already trading in November 2007.

155. Even if the first relevant date in the opposition proceedings would be 5 February 2021, given that HO relies on an earlier date (which I found is proven), in order to succeed in its passing off action, NH would need to show that it had sufficient goodwill when HO's use began, namely in November 2007. Since the first documented use for NH is 16 November 2009, NH could not have had sufficient goodwill to prevent HO from using the contested mark in November 2007, i.e. *"at the start of the behaviour complained about"*, and its action fails.

Outcome of the opposition under Section 5(2)(a)

156. The opposition partially succeeds against the following services:

Class 43: *Services for providing food and drink; bar services.*

157. UK00003591301 mark will be refused for those services.

158. The opposition fails against the following goods and services:

> **Class 30:** *Tea; coffee; hot chocolate; herbal infusions; fruit infusions;*
>
> **Class 32:** *Non-alcoholic beverages; soft drinks; energy drinks; guarana drinks;*
>
> **Class 43:** *restaurant services; takeaway food and drink services; snack-bar services; café services; information, advisory and consultancy services in connection with all of the aforesaid.*

159. UK00003591301 mark will be proceed to registration for those goods and services.

160. The opposition against the following goods has been withdrawn and so the UK00003591301 mark can proceed to registration for the following goods:

> **Class 29:** *Milkshakes; salads; antipasto salads; poultry salads; vegetable salads; fruit salads; but not including extruded and pelletised or otherwise manufactured or processed vegetable and potato products for snacks; roasted, dried, salted, spiced, coated and processed nuts, cashew kernels, pistachios, almonds, peanuts, coconuts (dried); preserved, dried and cooked fruits and vegetables; seaweed extracts for food; or ginger products being dried fruit.*
>
> **Class 30:** *savoury biscuits and pretzels; muesli bars, mainly consisting of nuts, dried fruits, processed cereal grains; chocolate and chocolate products (other than hot chocolate); or sauces.*
>
> **Class 32:** *juices; smoothies; organic fruit juice; red ginseng juice beverages; protein drinks; vitamin-fortified non-alcoholic beverages; syrups and other preparations for making beverages; beers.*

OVERALL OUTCOME

161. The application for invalidation of NH's mark has been partially succesful. The trade mark no. UK00003375139 will remain on the register only for the services listed at paragraph 117 above, the services shown in paragraph 116 above will be removed with effect from 13 February 2019.

162. The partial opposition against the trade mark UK00003591301 has been partially successful under Section 5(2)(a) for the services listed at paragraph 156 above which will be refused registration. The trade mark UK00003591301 will proceed to registration for the remaining goods and services.

COSTS

163. At the hearing the parties requested to make submissions on costs after I have issued my decision. This request was prompted by Mr Wood's invitation to be awarded costs off the scale in view of the allegations about the untruthfulness of Mr Blackburn's evidence. He stated:

> We do not seek to press any broader point about the non-financial consequences of any finding of untruth: if your concerns are suitably raised then we believe that the matter would need to be referred onwards. It is simply inappropriate to make any further comment at this stage (in the absence of clear findings by you regarding the falsity of NH's evidence and any concerns you may have as to how this was not noted and corrected by its representatives).

164. I have already commented on HO's allegations that Mr Blackburn deliberately gave false evidence. For the reasons I gave above, I do not think the point is proven.

165. Another point raised by Mr Tidman in his evidence relates to Mr Stansfield's evidence. Mr Stansfield gave evidence that he is the director of Unique Specialist Service Group, that he has been involved in the security industry for 30 years and that he has provided security services to NH and its predecessor in title for the 'HULA'

venue in West Didsbury from December 2005. Mr Stansfield also provides a contract dated 23 December 2018 between his company and HNQ, i.e. NH's predecessor in title. Mr Tidman filed evidence to show that Unique Specialist Service Group was incorporated in 2019 and that Mr Stansfield was appointed as director of other companies with the earliest appointment being dated 2009.

166. Whilst it is now obvious that in 2005 the venue in West Didsbury was not called 'HULA' and Mr Tidman has demonstrated that the name 'HULA' was adopted only in 2015, this is not sufficient to conclude that Mr Stansfield deliberately fabricated misleading evidence to support NH's case that the mark 'HULA' was used as early as 2005. Whilst I would expect Mr Stansfield to have remembered that back in 2005 the venue in West Didsbury had a different name, I do not know what he was told when the evidence was sought and whether it was explained to him (or he thought) that it was important to clarify the point about the venue not being called 'HULA' in 2005.

167. On the other hand, I have noted that HO's evidence also presents some inaccuracies, for example, HO filed a copy letter from a supplier of food dated 16 February 2022 (which, it is apparent, has been prepared for these proceedings), stating that the supplier has been supplying the 'HULA' Juice Café in Edinburgh since prior to 2007. However, that cannot be accurate because HO's evidence proves that the mark 'HULA' was first used by HO's predecessor in title in 2007.

168. Whilst both parties' evidence presents a degree of inaccuracy, I do not think there is enough here to conclude that NH's evidence was deliberately falsified or fabricated to mislead the Tribunal.

169. The above decision concludes my determination of the substantive issues in these proceedings. It will take effect as a decision when the question of costs is decided, and at that point but not before, the provisions relating to the right of appeal will come into operation. The parties are invited to make submissions as to the costs of these proceedings and a letter accompanying this decision sets out the procedure for submissions in writing.

Dated this 21st day of October 2022

Teresa Perks

For the Registrar