

O-315-20

TRADE MARKS ACT 1994
IN THE MATTER OF REGISTRATION No. 3316219
STANDING IN THE NAME OF
BELFAST GIN DISTILLERY LIMITED
AND
IN THE MATTER OF REQUESTS FOR A DECLARATION
OF INVALIDITY THERETO UNDER No.502606
BY DANNY BOY LABEL LLP

BACKGROUND

1) The following trade mark is registered in the name of Belfast Gin Distillery Limited (hereinafter BGD):

Mark	Number	Filing & registration date	Class	Specification
Titanic Gin	UK	07.06.18	33	Spirits and liquors.
	3316219	31.08.18	40	Spirits distillery services

2) By an application dated 15 May 2019 Danny Boy Label LLP (hereinafter DBL) applied for a declaration of invalidity in respect of this registration. DBL is the proprietor of the following trade mark:

Mark	Number	Filing & registration date	Class	Specification RELIED UPON
TITANIC	EU 854745	18.06.98 08.10.99	33	Alcoholic beverages (except beers).

3) The grounds of invalidity are, in summary:

a) that there is a high degree of visual and phonetic similarity between the mark applied for and the earlier mark of DBL, and they are conceptually similar both evoking imagery of the famous ship. The goods are identical and similar to the services and there is a likelihood of confusion. The mark in suit therefore offends against section 5(2)(b) of the Trade Marks Act 1994.

b) DBL have used the sign TITANIC on whisky throughout the UK since 2008 and has acquired a significant goodwill and reputation. Use of the mark in suit upon the goods and services sought to be registered would damage the business of DBL and also its reputation. The mark in suit therefore offends against section 5(4)(a) of the Act.

4) BGD provided a counterstatement to the invalidity action, dated 7 August 2019, which basically denied that the marks were similar although it accepted that the goods in class 33 were similar, but denied that the services sought to be registered in class 40 were similar to the applicant's goods. It also put the opponent to strict proof of use.

5) Both sides filed evidence. Both sides ask for an award of costs. Neither side wished to be heard and neither filed final written submissions, I will incorporate any submissions included earlier in the case as and when relevant in my decision.

Evidence

6) It is clear from the evidence filed by both sides that DBL and Belfast Distillery Limited are controlled by Peter Lavery and are all connected. It is also clear that at the time of filing the invalidity action the EU trade mark relied upon was owned by DBL. It is clear, that since 2011 the distillery that was providing the whisky sold under the Titanic mark by Mr Lavery and his companies was sold and the new owner ceased its supply. Although negotiations continued until 2014 the supply was not resumed. Mr Lavery has been looking for a new supplier within the whole of the island of Ireland. In the meantime, he has been steadily selling the stock that he had left. The seventeen invoices he provides show sales totalling approximately £14,75 between 4 March 2014 and 16 February 2017, although most of the sales are in the Belfast area. Mr Lavery points to his registering new companies Titanic Gin Ltd and Titanic Vodka Ltd on 9 February 2018 and the commissioning of labels for these companies as proof of an ongoing intention to use his mark. For their part BGD point out that the EU mark relied upon by DBL was revoked with effect of 11 October 2018 following a non-use challenge. The EUIPO considered the sales to be too localised and small to justify maintaining an EUIPO registration. BGD also rely upon a blog WestmeathWhiskeyWorld which has twice stated that the TITANIC brand of whisky has been discontinued, which it notes, in 2016, with regret as it describes the product as a "lovely mellow and sweet -smooth tasting tippie". BGD also points out that DBL has not carried out any advertising on social media for some time. It also points to a number of other TITANIC marks on the UKIPO register.

7) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

8) The invalidity is brought under section 47 which reads:

“47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(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.”

9) I shall first consider the invalidity action under section 5(4)(a) which reads:

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

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

(b) [.....]

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

10) 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).”

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

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

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

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

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

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

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

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

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

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

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

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

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

“39. In *Last Minute*, the General Court....said:

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

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

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent’s goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

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.

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.' "

13) In the instant case BGD has stated that they did not begin production until after the application for the instant mark, therefore the relevant date must be the date of application 7 June 2018.

14) I next turn to consider the issue of goodwill. The meaning of goodwill was set out in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL):

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

15) In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

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

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

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

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

17) The goodwill must be more than trivial as set out in *Hart v Relentless Records* [2002] EWHC 1984 (Ch), where Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

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

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the

defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

19) This view was also set out in *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

20) Although the evidence is scant it seems fairly clear that until 2011 the mark TITANIC was being used, albeit on a relatively small scale, on whisky. When the distillery supplying the whisky was sold DBL was left only with its existing stock to sell. It has been selling the product through the intervening years as witnessed by the invoices supplied. The evidence shows that negotiations to resume the supply of whisky from the original distillery continued until 2014. Since then DBL has sought, without success to obtain supplies from other distilleries. However, it is not clear that it has abandoned its business.

21) In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Iain Purvis QC, sitting as a Deputy Judge considered the law on abandonment of goodwill and summed it up like this:

“68. I deal with the abandonment case first. The doctrine of abandonment of goodwill is intimately tied up with the basic principle that goodwill has no free-standing existence. It is simply a property right attached to a particular business. If the business dies, then so does the goodwill. See Lord Diplock in *Star Industrial v Yap Kwee Kor* [1980] RPC 31:

‘Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and indivisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is abandoned in one country in which it has acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries...Once the Hong Kong Company had abandoned that part of its former business that consisted of manufacturing toothbrushes for export to and sale in Singapore it ceased to have any

proprietary right in Singapore which was entitled to protection in any action for passing-off brought in the courts of that country.'

69. There is little doubt that the business of Peals was abandoned by a series of very public acts. Just as in the well-known abandonment case of *Pink v Sharwood* [1913] 30 RPC 725 the employees were laid off, all sales stopped and the means of production were broken up. There was a clear and explicit expression in an interview with the press that Peals intended to stop trading in the United Kingdom altogether. However, unlike in *Pink v Sharwood*, those acts took place only after the goodwill was assigned to a third party (Brooks Brothers (New York) Limited). Furthermore, the assignment of goodwill was not a 'bare assignment'. It was on the face of it sold together with the vital assets for maintaining and exploiting that goodwill, namely the customer lists and the lasts and equipment necessary to serve those customers. The thrust of the Agreement is that Peals will cease trading in the United Kingdom and elsewhere (as they did), but there is nothing in the Agreement to indicate that Brooks Brothers will not carry on the business themselves in the United Kingdom in some form.

70. The termination of the business of Peals in January-February 1965 is therefore not determinative in itself of the issue of abandonment. The question must be looked at more broadly. Did Brooks Brothers, through its conduct in the early part of 1965, whilst Peals was winding up its business, behave in such a way that it could be said to have abandoned the business and goodwill in the United Kingdom associated with the Peal & Co. name and the fox and boot trade mark?

71. In my view it did. Firstly, although it had technically purchased the customer lists and the equipment necessary to keep the established business going in the United Kingdom, it is clear from the evidence of Mr Moore that it allowed those assets to be dissipated or destroyed. In those circumstances, if it had wished to preserve the goodwill in the United Kingdom under the trade marks, it would in my view have had to take steps fairly quickly to preserve the goodwill by launching a new business under those marks and educating the public that it was the successor to the old Peals business. No such steps were taken. Indeed, it must be a reasonable inference that the statement in the Associated Press report, presumably based on a

comment of Mr Rodney Peal, that *'Peal's readymade shoes, produced from the firm's lasts and special leather at factory in Northampton, will still be sold in the United States by Brooks Brothers of New York. But the custom-made shoes will be no more, and all the British sales will end'* was a fair reflection of the intentions of Brooks Brothers, and the message which Brooks Brothers were content to send to the market in the United Kingdom.

72. In all the circumstances, by promoting (through clauses 4 and 5 of the Agreement) the destruction of the Peals business, by failing to take any steps to preserve a business in the United Kingdom, and by allowing the United Kingdom market to assume that Peals no longer existed, I consider that Brooks Brothers had abandoned any and all the goodwill in the United Kingdom associated with the Peals business, including any goodwill associated with the fox and boot device."

22) I note that in the instant case there has been no announcement of cessation by DBL, it has clearly continued supplying its products and has clearly plans to continue in the business, witnessed by its registering new company names and seeking new artwork for labels. By themselves these acts are inconclusive, but they form part of a narrative which shows that DBL is attempting to maintain and expand its business beyond that which it enjoyed in 2011. No doubt this is linked to the initiatives centred around bringing tourists to Belfast which have centred around the shipyard where the Titanic ship was built. I fully accept that the sale of under £15,000 worth of whisky in the period 4 March 2014 to 16 February 2017 is very small in terms of the UK market for whisky, let alone spirits and would not register on the index of market share. However, this does not mean that DBL cannot be said to have goodwill in its mark as of the relevant date. The mark was first used in 2008 and it is clear that sales were still ongoing in 2017. The product was, according to the evidence of BGD, well regarded with the blogger who commented on its demise being sad that such a fine spirit was no longer available, although of course he was incorrect as he wrote his words in 2016 when the evidence shows the product was still for sale. I also take into account the issue of residual goodwill. In *Ad Lib Club Limited v Granville* [1971] FSR 1 (HC), Vice Chancellor Pennycuik stated that:

"It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time

the goodwill attached to that business. Indeed it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case, it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name AD-LIB CLUB is attached. It does, indeed, appear firstly that the defendant must have chosen the name AD-LIB CLUB by reason of the reputation which the plaintiff company's AD-LIB acquired. He has not filed any evidence giving any other reason for the selection of that name and the inference is overwhelming that he has only selected that name because it has a reputation. In the second place, it appears from the newspaper cuttings which have been exhibited that members of the public are likely to regard the new club as a continuation of the plaintiff company's club. The two things are linked up. That is no doubt the reason why the defendant has selected this name".

23) I also take into account the comments in *Sutherland v V2 Music Ltd* [2002] EMLR 28 (HC) (pop group); and also in *Pavel Maslyukov v Diageo Distilling Limited, Diageo Scotland Limited* [2010] EWHC 443 (Ch), where Arnold J. found that the use of a mark by resellers of the goods (whisky) long after the product has ceased to be produced by the original owner of the marks continued to create goodwill for the successor in title to the original owner. He said:

"69. Counsel for Diageo submitted that the hearing officer had erred in principle in two main respects. Counsel's primary submission was that, in the light of his findings of fact, the hearing officer ought to have concluded that Diageo owned a current goodwill in the trade marks. As can be seen from the end of paragraph 130, the hearing officer found that there was continuing use of the trade marks DALLAS DHU and PITYVAICH by the independent bottlers. As can be seen from paragraph 131,

however, the hearing officer proceeded on the basis that use of the trade marks by the independent bottlers did not generate any goodwill on behalf of Diageo. Counsel submitted that this was wrong. He argued that it was clear that, in continuing to mature, bottle and market whisky distilled at Dallas Dhu and Pittyvaich, the independent bottlers were acting with the implied licence of Diageo as the successor in title to the owners of those distilleries. Accordingly, he submitted that in carrying out such acts the independent bottlers generated goodwill not merely on their own behalf under their own trade marks, but also on behalf of Diageo under the trade marks DALLAS DHU and PITYVAICH.

70. I agree with this analysis. It is clear that, at the time that the distilleries were in operation, they produced malt whisky which earned a reputation among the relevant public. This gave rise to goodwill under the trade marks which will have been owned by the owners of the distilleries, Diageo's predecessors. The owners clearly consented to their malt whiskies being purchased for maturation, bottling and re-sale by the independent bottlers in the customary way in the malt whisky trade. They thereby impliedly licensed the independent bottlers to market the whiskies under the trade marks DALLAS DHU and PITYVAICH in the future. Given the nature of the trade, and in particular the potential for maturing the whiskies for as long as 50 years, the implied licence must have extended to continuing to market the whiskies even if the distilleries ceased to distil any further batches of those whiskies, as has in fact transpired. Continued marketing of the whiskies by the independent bottlers will have relied upon the goodwill which had already been established under the trade marks, sustained that goodwill and generated new goodwill. As implied licensees of the trade marks DALLAS DHU and PITYVAICH, the independent bottlers will not have acquired any goodwill in them. On the contrary, the goodwill will have accrued for the benefit of Diageo.

71. Although, as I have said, I agree with this analysis, I would go further. It is not necessary even to imply a licence to reach the conclusion that the relevant goodwill is owned by Diageo. If goods are manufactured by A under the trade mark A'S MARK, and the goods are then purchased by B who adds to or improves them in some way and re-sells them under the trade marks A'S MARK and B'S MARK, A'S MARK will continue to denote the original provenance of the goods and B'S MARK

will denote the particular route by which the goods have come to the market. In such circumstances, it is immaterial whether B is operating with or without A's consent. Either way, B's activities will generate goodwill in A'S MARK which will accrue to the benefit of A: compare *Nishika Corp v Goodchild* [1990] FSR 371. There is no reason why such goodwill should not continue to accrue in favour of A if A stops producing the goods, but B has a stockpile and continues to market them. (It is not necessary for the purposes of this analysis to consider what claims, if any, A might have against B.)”

24) In the instant case DBL (and its predecessors in business) used the Titanic mark on whisky for at least nine (2008-2017), even if the sales in the last few years were concentrated in Belfast and of a relatively small scale. I do not believe that its reputation would have evaporated in the sixteen months between February 2017 (the last invoice date) and June 2018 (the application date). DBL has therefore cleared the first hurdle of showing that it had reputation at the relevant date.

25) I now turn to the issue of misrepresentation. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

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

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

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

And later in the same judgment:

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

And:

“The role of the court, including this court, was emphasised by *Lord Diplock in GE Trade Mark* [1973] R.P.C. 297 at page 321 where he said:

‘where the goods are sold to the general public for consumption or domestic use, the question whether such buyers would be likely to be deceived or confused by the use of the trade mark is a “jury question”. By that I mean: that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been adduced but also to use their own common sense and to consider whether they would themselves be likely to be deceived or confused.

The question does not cease to be a “jury question” when the issue is tried by a judge alone or on appeal by a plurality of judges. The judge's approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself.”

26) DBL had, at the relevant date, a reputation for whisky. The specification of the mark in suit is as follows:

- In Class 33: Spirits and liquors.
- In Class 40: Spirits distillery services

27) Clearly, the goods of the two parties (*whisky* and *Spirits and liquors*) are highly similar. BGD contends that its services in class 40 are different to the whisky of DBL, but to my mind there is a clear connection between a distillery and a spirit. In the instant case the marks of the two parties TITANIC / TITANIC GIN must be regarded as identical, as the second mark could not be used on any spirit other than gin or it would be deceptive. Therefore, potential buyers would be faced with a bottle of whisky with the mark TITANIC and a bottle of gin with the mark TITANIC GIN upon it. This would undoubtedly cause deception as the buyer would without question believe the products originated from DBL. Turning to the distillery services, again BGD's mark could not be used on whisky or other spirits without being deceptive. Anyone seeing the sign TITANIC GIN would naturally assume that the whisky suppliers, TITANIC, had branched out into other distilled spirits such as gin, a natural expansion. To my mind, a substantial number of the customers of DBL would undoubtedly be deceived and suffer misrepresentation if the instant mark were used on the goods and services applied for by the applicant.

28) Lastly, I turn to the issue of damage. In a *quia timet* action it is clearly not possible to show that damage has been suffered. In *Draper v Trist and Trisbestos Brake Linings Ltd* [1939] 56 RPC 429 Goddard L.J. stated:

“But in passing-off cases, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted, he can bring his action as soon as he can prove passing-off; because it is one of the class of cases in which the law presumes that the Plaintiff has suffered damage. It is in fact, I think, in the same category in this respect as an action for libel. We know that for written defamation a plaintiff need prove no actual

damage. He proves his defamation. So, with a trader; the law has always been particularly tender to the reputation and goodwill of traders. If a trader is slandered in the way of his business, an action lies without proof of damage.”

29) Consequently, in the instant case if DBL has established a goodwill and shown deception then damage can be considered as the automatic sequitur and the three elements of the classic trinity of passing-off will have been established.

30) The invalidity action under section 5(4)(a) succeeds in full.

31) I next turn to consider the ground of invalidity under section 5(2)(b) which reads:

“5.-(2) A trade mark shall not be registered if because -

(a)

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

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

32) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“6.-(1) In this Act an “earlier trade mark” means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

33) The opponent is relying upon its trade mark shown in paragraph 3 above which is clearly an earlier trade mark. The applicant put the opponent to proof of use of these marks,

and it is clear from the relevant dates that the proof of use requirements bite in the instant case.

34) The invalidity action is brought under section 47 which reads:

“47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(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.

(2ZA) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 5(6).

(2A) The registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if –

(a) the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with their consent in relation to the goods or services for which it is registered-

(i) within the period of 5 years ending with the date of application for the declaration, and

(ii) within the period of 5 years ending with the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application where, at that date, the five year period within which the earlier trade mark should have been put to genuine use as provided in section 46(1)(a) has expired, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

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

(2D) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

(2DA) In relation to an international trade mark (EC), the reference in subsection (2A)(a) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(2G) An application for a declaration of invalidity on the basis of an earlier trade mark must be refused if it would have been refused, for any of the reasons set out in subsection (2H), had the application for the declaration been made on the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application.

(2H) The reasons referred to in subsection (2G) are-

(a) that on the date in question the earlier trade mark was liable to be declared invalid by virtue of section 3(1)(b), (c) or (d), (and had not yet acquired a distinctive character as mentioned in the words after paragraph (d) in section 3(1));

(b) that the application for a declaration of invalidity is based on section 5(2) and the earlier trade mark had not yet become sufficiently distinctive to support a finding of likelihood of confusion within the meaning of section 5(2);

(c) that the application for a declaration of invalidity is based on section 5(3)(a) and the earlier trade mark had not yet acquired a reputation within the meaning of section 5(3).

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court;

and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of 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.”

35) It is clear from 2D above that EU trade marks have to have been used in a substantial part of the EU. Use of an EU trade mark has been the subject of a number of cases. In *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, the Court of Justice of the European Union noted that:

“36. It should, however, be observed that..... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase ‘in the Community’ is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.”

And

“50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

And

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).”

The court held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

36) Whilst in *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

“228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the

whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

37) The General Court restated its interpretation of *Leno Marken* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case concerned national (rather than local) use of what was then known as a Community trade mark (now a European Union trade mark). Consequently, in trade mark opposition and cancellation proceedings the registrar continues to entertain the possibility that use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the Union.

38) Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods/services at issue in the Union during the relevant 5 year period. In making the required assessment I am required to consider all relevant factors, including:

- i) The scale and frequency of the use shown
- ii) The nature of the use shown
- iii) The goods and services for which use has been shown
- iv) The nature of those goods/services and the market(s) for them
- iv) The geographical extent of the use shown

39) In *Jumpman* BL O/222/16, Mr Daniel Alexander QC, as the Appointed Person, upheld the registrar's decision to reject the sale of 55k pairs of training shoes through one shop in Bulgaria over 16 months as insufficient to show genuine use of the EU trade mark in the European Union within the relevant 5 year period. Proven use of a mark which fails to establish that "*the commercial exploitation of the mark is real*" because the use would not be "*viewed as warranted in the economic sector concerned to maintain or create a share in the [European Union] market for the goods or services protected by the mark*" is therefore not genuine use.

40) In the instant case DBL has shown use of its mark mainly in Belfast with only two invoices for the rest of the UK. DBL has not provided any evidence of sales other than these seventeen invoices and neither has it shown any evidence of promotional activity or advertising outside of Belfast with the possible exception of a festival in Newcastle, although the evidence for this event was far from compelling. It would appear to me, from reading the decision of the EUIPO that the same evidence as was filed in the instant case was also filed in the revocation action before the EUIPO. DBL in their submissions contended that the "decision of the EUIPO relates to a finding that there was not substantial use within the European Union and has little, if any bearing, upon the evidence filed in this matter which relates to the use of the mark in the United Kingdom". Whilst for section 5(4)(a) I have only to consider use in the UK, when it comes to section 5(2)(a) and an earlier trade mark which is an EU mark then I have to consider use in the EU. The authorities set out above are clear that use in a single member state or even within an area

of one member state can be enough to overcome the proof of use requirements but I also have to take into account the amount of use shown and the market share. Even if I were to confine myself to sales of whisky in the EU I would find that the sales of less than £15,000 over the course of three-four years was insufficient to overcome the requirements to show genuine use.

41) The invalidity action under section 5(2)(b) fails at the first hurdle.

CONCLUSION

42) The invalidity action under section 5(2)(b) failed but the action under section 5(4)(a) has been successful. Trade mark registration UK 3316219 is deemed never to have been registered.

COSTS

43) As DBL has been successful it is entitled to a contribution towards its costs. It has been professionally represented.

Preparing a statement and considering the other side's statement	£300
Expenses	£200
Preparing evidence	£400
Submissions	£600
TOTAL	£1500

44) I order Belfast Gin Distillery Limited to pay Danny Boy Label LLP the sum of £1,500. This sum to be paid within two months of the expiry of the appeal period or within twenty one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 9th day of June 2020

G W Salthouse

For the Registrar

the Comptroller-General