

O/427/22

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 3436307

BY SIMPLY GROUP EUROPE LTD

AND

OPPOSITION No. 420054

BY MR JASON MCNALLY OF SIMPLY COFFEE TRUST

Background and pleadings

1. This is an opposition by Mr Jason McNally “(of *Simply Coffee Trust*)” to an application filed on 14th October 2019 (“the relevant date”) by Simply Group Europe Ltd (“the applicant”) to register the trade mark shown below.



2. The applicant seeks to register the trade mark in relation to:

Class 11: Coffee machines; Tea making machines.

Class 30: Coffee; Cocoa; Tea; Coffee based beverages; Unroasted coffee.

Class 43: Food and drink catering.

3. The opponent was a director of the applicant company when it went into liquidation in May 2019. The other director was Satbinder Singh.

4. The application was filed by the liquidators appointed to wind up the applicant company, Ms Arvindar Singh and Mr Gerald Smith of FRP Advisory Trading Ltd.

5. The grounds of opposition are:

- (i) The opponent is the legal owner of earlier trade mark 2392816, which was registered in 2006 and looks like this:



- (ii) The earlier trade mark is registered in the same classes as the application and covers identical and highly similar goods/services;
- (iii) There is therefore a likelihood of confusion on the part of the public and, consequently, the application should be refused under section 5(2)(b) of the Trade Marks Act 1994 (“the Act”);
- (iv) The earlier trade mark has a reputation with the public as a result of the use of the mark throughout the UK;
- (v) Use of the applied-for mark would, without due cause, take unfair advantage of, or be detrimental to, the reputation and/or distinctive character of the earlier trade mark;
- (vi) The application should, therefore, be refused under section 5(3) of the Act;
- (vii) The opponent owns goodwill generated under the words SIMPLY COFFEE and three ‘Simply Coffee’ logo marks as a result of the use of those marks since 2004 in relation to, inter alia, coffee machines, coffee and services for the provision of food and drinks;
- (viii) Use of the applied-for mark would therefore constitute passing off and, consequently, the application should be refused under section 5(4)(a) of the Act;
- (ix) The opponent personally commissioned the graphical work that constitutes the contested mark, and a similar graphical work, and owns the copyright in these works;
- (x) Use of the contested mark would be contrary to the Copyright, Designs and Patents Act 1988 and the application should therefore be refused under section 5(4)(b) of the Act;
- (xi) The opponent and a related trust licensed the applicant to use the contested mark and that licence was terminated in May 2019 when the applicant company went into liquidation;

- (xii) The applicant therefore knew when it filed the application that it had no right to use the mark;
- (xiii) The applicant was in liquidation when it filed the application and, therefore, could not have had an intention to use the trade mark;
- (xiv) The application was therefore filed in bad faith and the application should be refused accordingly under section 3(6) and/or section 32 of the Act.

6. The applicant filed a counterstatement denying the grounds of opposition. I note, in particular, the following points:

- (i) The opponent was personally declared bankrupt on 4th November 2019 and in consequence his assets were vested in his trustee in bankruptcy;
- (ii) Therefore, the opponent was not the owner of the earlier trade mark when the opposition was filed and, in consequence, he lacked the standing required to file the opposition;
- (iii) The opponent was put to proof of use of the earlier trade mark under section 6A of the Act;
- (iv) The applicant claims that any use of the earlier mark was by the applicant, not the opponent;
- (v) The applicant accepts that the goods/services covered by the respective trade marks are identical or similar;
- (vi) The applicant denies that the marks are sufficiently similar to create a likelihood of confusion on the part of the public;
- (vii) The opponent was put to proof of the reputation claimed for the earlier mark;
- (viii) The opponent was put to proof of his claim to be the owner of substantial goodwill under the words SIMPLY COFFEE and/or logos including these words;

- (ix) The applicant claims that the words 'Simply Coffee' are wholly descriptive of the goods/services at issue and therefore non-distinctive;
- (x) The applicant denies that use of the contested mark would constitute a misrepresentation to the public and passing off;
- (xi) The opponent was put to proof of its claim to own the copyright in the two graphical works it relies on for the purposes of section 5(4)(b);
- (xii) The applicant denied being aware of any licensing arrangement between the applicant and opponent;
- (xiii) Although it is admitted that the applicant is in liquidation, it is denied that there is no intention to use the mark; it will be made available to third parties and the liquidators retain the right to use the mark until the company is dissolved.

7. Both sides seek an award of costs.

Identity of the opponent

8. The opponent is represented on the Notice of Opposition as shown in paragraph 1 above. However, in the headings of the opponent's evidence the opponent is described as:

"Jason McNally (For Simply Coffee Trust)" (my emphasis)

9. Mr McNally's evidence is that he is a trustee of Simply Coffee Trust, which he set up in December 2012. The beneficiaries of the Trust are his children. He says that trade mark 2392816 is the property of the Trust. Similarly, he claims the graphical work corresponding to the contested mark was commissioned for, and subsequently assigned to, the Trust in 2016. I find it is tolerably clear that Mr McNally brings the opposition in his own name as a trustee of, and on behalf of, the Trust. The applicant claims that as a result of Mr McNally having a bankruptcy order made against him the opponent's mark vested in Mr McNally's trustee in bankruptcy as of 4 November 2019. Therefore, it questions whether he is the proprietor of the earlier mark (or any IP) and

entitled to bring opposition proceedings.¹ Subject to a legal transfer of the property in the mark it appears to me that Mr McNally remains the legal owner of it. It may well be that his bankruptcy constrains his right to transfer or otherwise dispose of the mark. However, I do not consider that this prevented Mr McNally from bringing this opposition in order to enforce a trade mark he claims to hold not as his own personal property, but on trust. I therefore find that he was entitled to bring the opposition under section 5(2) and 5(3) on behalf of the Simply Coffee Trust. Similarly, as a trustee of the Trust he would be entitled to bring an action in the courts for infringement of any copyright held by the Trust. Consequently, the opponent also appears to have the necessary standing to bring an opposition under section 5(4)(b) of the Act.

Representation

10. The applicant is represented by ip21 Ltd. The opponent is represented by Howes Percival LLP. Both sides filed evidence, but neither party asked to be heard. The applicant filed written submissions in lieu of a hearing, to which Mr McNally himself filed a written response. I have carefully considered all the papers before giving this decision.

Evidence

11. The opponent's evidence consists of two witness statements by Mr McNally with 19 exhibits, the second of which (with 6 of the exhibits) was filed in reply to the applicant's evidence.

12. The applicant's evidence consists of a witness statement by Ms Arvindar Singh with 3 exhibits.

Proof of use of earlier trade mark 2392816

13. It is convenient to start by examining whether the opponent has provided the appropriate proof of use of earlier trade mark 2392816. The requirement arises from section 6A of the Act, the relevant parts of which were, at the relevant date, as follows:

¹ As per The Trade Marks (Relative Grounds) Order 2007

“(1) This section applies where

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period.

(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

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

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) 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.

(5) -

(5A) -

(6) 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.”

14. The relevant period for providing proof of use of the earlier mark is therefore 15th October 2014 to 14th October 2019. The mark is registered for:

Class 11: Coffee making machines and apparatus; drinks machines; coffee roasting and coffee processing machines; coffee percolators; coffee filters; coffee makers; electric water heating apparatus and boilers; electric apparatus for preparation of tea, coffee, chocolate, cocoa, soup and other hot beverages; machines, apparatus and containers for keeping food and drink warm; hot plates; parts and fittings for all the aforesaid goods.

Class 30: Coffee; products consisting of or containing coffee; instant coffee; coffee beans, ground coffee.

Class 43: Coffee bars; café, restaurant, bar and café services; catering services; provision of food and drink.

15. Section 100 of the Act states that:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

16. The onus is therefore on the opponent to show use of the earlier mark. However, a decision maker should not resort to the burden of proof unless, having strived to do so, he or she finds it impossible to make a decision on the weight of the evidence.²

17. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU trade mark law.

18. In *Walton International Ltd & Anor v Verweij Fashion BV*³ Arnold J (as he then was) summarised the law relating to genuine use as follows:

“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 Ansul BV v Ajax Brandbeveiliging BV, La Mer, Case C-416/04 P Sunrider Corp v OHIM, Case C-442/07 Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft ‘Feldmarschall Radetsky’, Case C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH, Case C-149/11 Leno Merken BV v Hagelkruis Beheer BV, Case C-609/11 P Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG, Case C-141/13 P Reber Holding & Co KG v OHIM and Case C-689/15 W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse.

115. *The principles established by these cases may be summarised as follows:*

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: Ansul at [35] and [37].

(2)

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the

² *Stephens v Cannon* [2005] EWCA Civ 222

³³ [2018] EWHC 1608 (Ch)

goods or services from others which have another origin: Ansul at [36]; Sunrider at [70]; Verein at [13]; Silberquelle at [17]; Leno at [29]; Centrotherm at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: Gözze at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: Ansul at [37]. Internal use by the proprietor does not suffice: Ansul at [37]; Verein at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: Silberquelle at [20]-[21]. But use by a non-profit making association can constitute genuine use: Verein at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial raison d'être of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: Ansul at [37]-[38]; Verein at [14]; Silberquelle at [18]; Centrotherm at [71]; Reber at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide;

and (g) the territorial extent of the use: Ansul at [38] and [39]; La Mer at [22]-[23]; Sunrider at [70]-[71], [76]; Leno at [29]-[30], [56]; Centrotherm at [72]-[76]; Reber at [29], [32]-[34].”

19. Mr McNally’s evidence is that:

“3. For many years the business has operated under a franchise model whereby the use of the Intellectual Property rights was licensed to authorised third parties. Those third parties were authorised, within the scope of the licence agreement, to use the SIMPLY COFFEE Trade Marks in respect of coffee, coffee machines and related goods and services. Any use, and specifically the generation of any goodwill and reputation in the SIMPLY COFFEE Trade Marks accrued to the benefit of the Trade Mark owner.

4. In more recent years the SIMPLY COFFEE business has developed to operate in partnership with companies offering a profit share arrangement, based on the volume of sales. We place vending machines in businesses and customers and staff can purchase beverages from the machines. The locations are throughout the country and are distributed across the leisure and hospitality, office and business fields, with a significant proportion of our business originating in the ‘coffee to go’ field, particularly petrol garages.”

20. According to Mr McNally, the Simply Coffee business began in 2004. He says that about 150k cups of SIMPLY COFFEE were sold from 28 sites that year. This rose to over 4m cups from 567 sites in 2014, and reached a peak of nearly 7m cups from 968 sites in 2018. Sales fell back in 2019 to around 750k cups from 116 sites. According to Ms Singh of FRP:

“..in the course of our investigations, the Liquidators became aware that the take-away coffee cup with hands, feet, blue eyes, smile and the words “Simply Coffee” across the middle with hands (“the Logo”) was affixed to the Company’s coffee vending machines which were located throughout the country at various customer sites including but not limited to, F1 Autocentres, Morrison’s, Dulux, and McCall’s.”

Ms Singh believes that the applicant started trading under a version of the SIMPLY COFFEE logo in 2013. She provides a copy of the applicant's accounts for 2016/17 showing revenue of £3.4m in 2017.⁴

21. There does not appear to be any real dispute that significant volumes of coffee were sold under one version or another of the Simply Coffee marks. As can be seen from the above, the main dispute between the parties is about who has been using the marks relied on by the opponent. The applicant's position is that all such use since 2013 has been by it, not the opponent. Further, the liquidator says there is nothing in the applicant company's records to indicate that the use it made of SIMPLY COFFEE and the Simply Coffee logos was licensed by the opponent.

22. The exclusive licence arrangement between the applicant and Mr McNally as trustee of The Simply Coffee Trust is dated 1st May 2013. Under the terms of the licence the opponent was required to pay royalties to the Trust based on the volume of coffee sold under the registered mark. On the face of it, this is good evidence that the applicant used the registered mark with the consent of the opponent. Ms Singh points out that Mr McNally signed the licence both in his capacity as a director of the applicant and as a trustee of the Trust. She says that acting in both roles created a conflict of interest between Mr McNally's duty as a director of the company and his responsibility as a trustee of the Trust. Mr McNally responded to this criticism by pointing out that the registered trade mark was created in 2004, was in use prior to the exclusive licence in favour of the applicant, and that there were only two directors of the applicant company, himself and Satbinder Singh.





23. Satbinder Singh has not given evidence. The liquidator has no first-hand knowledge of the company's affairs in 2013. Ms Singh has not provided any documentary evidence from the company's records that directly contradicts Mr McNally's evidence that he signed the 2013 licence on behalf of the company. Ms Singh complains that the licence was not expressly mentioned during Mr McNally's discussions with the liquidators (although she concedes that he did tell them that he owned the IP for the benefit of his children) and only came to light during these proceedings. Further, she questions why if the licence was executed in 2013 it did not

⁴ See exhibit AS1

include the first iteration of the 'coffee-man' coffee cup logo, which Mr McNally says was first used in 2012.

24. Mr McNally's failure to expressly mention the Trust and the licence to the liquidators does not mean it is a fabrication. There is no direct allegation that it is. Further, no application was made to cross examine Mr McNally on his evidence. The licence itself is not self-evidently incredible. The signing of it was witnessed by a named Chartered Accountant. In these circumstances, I do not consider that Mr McNally's failure to expressly mention it during his discussions with the liquidators, or the omission from the licence of the 2012 Simply Coffee logo, casts serious doubt on its authenticity. The licence covers the opponent's registered mark as well as two associated domain names registered by the opponent. The omission of unregistered marks does not, in my view, undermine this part of Mr McNally's evidence. I therefore accept that the applicant used the registered trade mark with the opponent's consent.

25. Mr McNally says that the word mark SIMPLY COFFEE, and the logo mark registered under 2392816, were first used in 2004. He says that the SIMPLY COFFEE word mark and the associated cup logos are present on the vending machine, on the cups, and also on posters outside or within the outlets in which the coffee was sold. He accepts that the logo mark evolved over the years, but always based on the words SIMPLY COFFEE and a device of a coffee cup. This evolution is set out below:

	2008
	2012
	2016
	2008

26. Exhibit JM4 to Mr McNally's first statement is a copy of a design produced in July 2012 by a paper cup manufacturer called Benders. It shows the words SIMPLY COFFEE in the form shown in the fourth logo in the above table on a design for a black-coloured paper cup. In her statement in response, Ms Singh claimed this showed that the fourth logo in the table was created in 2012, not 2008 as claimed by Mr McNally. In his reply evidence, Mr McNally rejected this saying that exhibit JM4 was just one example of use of the logo, in this case being applied to a coffee cup. I accept his evidence on this point.

27. Exhibit JM5 to Mr McNally's first statement consists of 35 pictures of coffee dispensing and vending machines and/or places where they were located. Mr McNally says that these pictures date "from 2012 onwards." They show use of the word mark SIMPLY COFFEE on the vending machines and/or associated promotional signs. The majority of pictures also show use of one of the logo marks. The 2016 logo mark appears most often. However, there are four examples showing the registered mark (i.e. the 2004 logo),⁵ and a further four pictures showing the 2008 logo,⁶ in use on vending machines in 2012 or later. According to Ms Singh:

"Exhibits at JM2 and JM5 attached to [Mr McNally's] statement are a series of undated photographs but based upon the chronology set out above in my statement, these are photographs that post-date the appointment of the Opponent as a director of the Company [on 1st February 2013] and are examples of use of the marks by the Company prior to its liquidation."

"I believe that the Logo in its current form has been in use by the Company since approximately 2016/2017, as following this period large amounts of finance was secured from various finance companies in order to purchase/lease new vending machines, upon which this Logo portrayed. Previous versions of the Logo had been used by the Company since it commenced trading in 2013."

⁵ See pages 23, 33, 34 and 56 of JM5. There is also a variant of the registered mark with dark coloured words on a white coffee cup shown on a vending machine: see page 26 of JM5

⁶ See pages 24, 25, 27 & 37 of JM5

28. Ms Singh does not appear to dispute that the pictures in exhibit JM5 show use of Simply Coffee marks by the applicant after May 2013. Changing the logo on a vending machine probably means visiting each machine to remove the old logo and replace it with the new one. The branding covers a significant proportion of the front of the machines. So changing the branding on 100s of machines spread throughout the UK is unlikely to have been a quick and easy task. This is probably why the 2004 logo (i.e. the registered trade mark) continued to appear on some vending machines after the creation of later versions of the Simply Coffee logo in 2008 and 2012. This is consistent with Mr McNally's evidence showing use of the 2004 logo after 2012, and Ms Singh's evidence that prior to the roll out of new vending machines bearing the latest 2016 version of the logo, "*previous versions* [my emphasis] *of the Logo had been used by the Company since it commenced trading in 2013.*" On the balance of probability, it seems likely that use of the 2004 logo continued to appear on some vending machines into the beginning of the relevant period. It seems even more likely that the 2008 version of the logo continued to appear on some of the vending machines up until 2016/2017.

29. This use of the 2004/2008 versions of the logos on vending machines would have served the purpose of maintaining the share of the market for fresh coffee held by the user of the registered mark. I therefore find that use of the 2004 logo constituted genuine use of the registered mark in the relevant period.

30. In case I am wrong about this, I will also consider whether use of the 2008 and later versions of the Simply Coffee logo and/or the words SIMPLY COFFEE constituted use of an acceptable variant of the registered mark under section 46(4)(a) of the Act.

31. In *Lactalis McLelland Limited v Arla Foods AMBA*,⁷ Phillip Johnson, sitting as the Appointed Person, considered the correct approach to the test under section 46(4)(a). He said:

"13. [...] While the law has developed since Nirvana [BL O/262/06], the recent case law still requires a comparison of the marks to identify elements of the

⁷ BL O/265/22

*mark added (or subtracted) which have led to the alteration of the mark (that is, the differences) (see for instance, T-598/18 Grupo Textil Brownie v EU*IPO, EU:T:2020:22, [63 and 64]).*

14. The courts, and particularly the General Court, have developed certain principles which apply to assess whether a mark is an acceptable variant and the following appear relevant to this case.

15. First, when comparing the alterations between the mark as registered and used it is clear that the alteration or omission of a non-distinctive element does not alter the distinctive character of the mark as a whole: T-146/15 Hopen v EUIPO, EU:T:2016:469, [30]. Secondly, where a mark contains words and a figurative element the word element will usually be more distinctive: T-171/17 M & K v EUIPO, EU:T:2018:683, [41]. This suggests that changes in figurative elements are usually less likely to change the distinctive character than those related to the word elements.

16. Thirdly, where a trade mark comprises two (or more) distinctive elements (eg a house mark and a sub-brand) it is not sufficient to prove use of only one of those distinctive elements: T-297/20 Fashioneast v AM.VI. Srl, EU:T:2021:432, [40] (I note that this case is only persuasive, but I see no reason to disagree with it). Fourthly, the addition of descriptive or suggestive words (or it is supposed figurative elements) is unlikely to change the distinctive character of the mark: compare, T-258/13 Artkis, EU:T:2015:207, [27] (ARKTIS registered and use of ARKTIS LINE sufficient) and T-209/09 Alder, EU:T:2011:169, [58] (HALDER registered and use of HALDER I, HALDER II etc sufficient) with R 89/2000-1 CAPTAIN (23 April 2001) (CAPTAIN registered and use of CAPTAIN BIRDS EYE insufficient).”

32. In my view, the 2008 logo is clearly an acceptable variant of the 2004 logo. The only real difference is the change in the colour of the coffee cup from reddish brown to black. Neither colour is distinctive *per se*. Therefore, the changes makes no difference to the distinctive character of the mark. Further, given that the distinctive character of the 2004 and 2008 logos is the same, and the 2008 logo was used prior

to the licence agreement with the applicant, I have no doubt that the applicant's use of it after 2013 was with the opponent's consent.

33. I find that a representation of a coffee cup (even one tilted to the right with steam coming from the top) is non-distinctive for coffee, especially for freshly made coffee. This is because it is merely a conventional representation of the product as served.⁸ Therefore, the distinctive element of the registered mark appears to be the words SIMPLY COFFEE. The applicant denies the words are distinctive. It contends that they are "*essentially a reference to the type of goods and services supplied under these marks.*" That is certainly true of the word 'coffee', but the term 'simply coffee' is more than just a description of the type of goods/services. At most, the words may be understood as suggestive of coffee that is 'simply made', or perhaps of an undertaking that specialises in coffee. I therefore accept that the words are low (but not wholly lacking) in inherent distinctiveness, but they are not just a description of the products or services. In any event, for the reasons given below, I find that the inherent distinctiveness of the words SIMPLY COFFEE had been enhanced through use prior to the relevant period. In my view, these words are the dominant and (only) distinctive element of the registered mark. I therefore find that the various uses of the words SIMPLY COFFEE shown in exhibit JM5 constitute an acceptable variant of the registered mark. Further, given that the distinctive character of the word mark is the same as the registered mark, I find that the applicant's use of the word mark after 2013 was also with the opponent's consent.

34. I am not convinced that use of the 2012 and 2016 versions of the logo constitutes an acceptable variant of the registered mark. This is because the addition of cartoon-like hands, feet and face to the coffee cup device turns it into a distinctive device. In my view, this alters the distinctive character of these marks compared to the registered mark. However, I find that the use of the words SIMPLY COFFEE, and the continuation of use of the registered mark (the 2004 logo) and the 2008 logo into the beginning of the relevant period are sufficient to show there was use of the registered mark, or acceptable variants of it, during that period. And given the scale of the use, particularly

⁸ See, for example, the picture of the actual coffee product in a coffee cup on page 38 of JM5

of the word mark, I do not think it was anything other than genuine use intended to create or maintain a share of the market for fresh coffee.

35. The evidence shows the mark was used in relation to fresh coffee sold through self-service vending or dispensing machines. However, although the mark was used on such machines it was not used “in relation to” them, i.e. it was not used to create or maintain a market for coffee machines (any more than it was used to create a market for coffee cups or promotional signs). Therefore, there was no use of the mark “in relation to” any of the goods in class 11 for which the mark is registered.

36. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors*,⁹ Mr Justice Carr summed up the law relating to partial revocation as follows:

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; Thomas Pink Ltd v Victoria's Secret UK Ltd [2014] EWHC 2631 (Ch) (“Thomas Pink”) at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; Thomas Pink at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in Pan World Brands v Tripp Ltd (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; Thomas Pink at [53].

⁹ [2016] EWHC 3103 (Ch) at paragraph 47

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. Maier v Asos Plc [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; Mundipharma AG v OHIM (Case T-256/04) ECR II-449; EU:T:2007:46.”

37. Applying this guidance to the use of the mark in relation to the goods/services in classes 30 and 43, I find that there was no qualifying use of the mark in relation to ‘coffee beans’, ‘ground coffee’ in class 30, or the sub-category of coffee an average consumer would call ‘instant coffee’, i.e. dehydrated coffee. Similarly, there is no evidence of use of the mark in relation to coffee bars, restaurant, bar or café services, catering services, or services for the provision of food.

38. Average consumers would regard freshly made coffee as a distinct sub-category of coffee (compared to (say) instant coffee). Therefore, I find the evidence shows use of the earlier mark in relation to:

Class 30: Fresh coffee; Freshly prepared drinks consisting of, or containing, coffee. [such as a mocha]

Class 43: Provision of coffee and products containing coffee.

39. I have included the latter description of services on the basis that it covers services for the provision of coffee etc. through self-service coffee machines. This is because the provision and stocking of such machines represents a trade in services as well as goods.

40. This means that the earlier mark is entitled to protection under section 5 in relation to the goods/services set out in paragraph 38.

The Section 5(2)(b) ground of opposition

41. Section 5(2)(b) of the Act is as follows:

“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.”

42. Section 5A of the Act states:

“5A Where grounds for refusal of an application for registration of a trade mark exist in respect of only some of the goods or services in respect of which the trade mark is applied for, the application is to be refused in relation to those goods and services only.”

Identity/similarity of goods/services

43. The respective goods/services are set out below:

Applied-for trade mark	Earlier mark
Class 11: Coffee machines; Tea making machines.	-

Class 30: Coffee; Cocoa; Tea; Coffee based beverages; Unroasted coffee.	Class 30: Fresh coffee; Freshly prepared drinks consisting of or containing coffee.
Class 43: Food and drink catering.	Class 43: Provision of coffee and products containing coffee.

44. As noted earlier, the applicant accepts that the goods/services applied-for are identical or similar to the goods/services for which the earlier mark is registered. However, the opponent has only been able to provide proof of use for some of those goods/services. I do not think this affects the position in classes 30 and 43. The respective goods in class 30 are self-evidently identical or highly similar.

45. In the judgment of the CJEU in *Canon*,¹⁰ the court stated 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”.

46. *Food and drink catering* in class 43 covers, inter alia, the sale of food and drinks from a counter or trolley. Such services are similar in nature and purpose to *provision of coffee and products containing coffee*. The method of use could be different: the latter could be self-service, the former probably not. However, even then the services may be in competition. For example, one could choose to purchase a coffee from a vending machine or from a coffee counter. These services are highly similar.

47. I accept that coffee and tea making machines are different in nature to fresh coffee and similar drinks, and to services for the provision of such drinks. The purpose is also different: the purpose of a coffee/tea making machine is to make coffee/tea. The purpose of fresh coffee and similar drinks is to serve as a pleasant, uplifting and comforting drink. The respective goods/services are also different in

¹⁰ Case C-39/97 at paragraph 23 of the judgment

terms of method of use. They are not in competition. In *Boston Scientific Ltd v OHIM*,¹¹ the General Court 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.” (my emphasis)

48. There is no evidence that traders in coffee and tea making machines commonly trade in fresh coffee, similar drinks, or related services. My own experience suggests they do not normally do so. Therefore, customers are unlikely to think that the same undertaking is responsible for these goods/services. Consequently, the goods covered by class 11 of the application are not complementary in the sense described in the case law to the goods/services in classes 30 and 43 for which the earlier mark is entitled to protection. In my view, they are dissimilar goods. This means that the opposition under section 5(2)(b) of the Act fails in respect of the goods in class 11 of the application. This is because some similarity between the respective goods/services is an essential requirement for protection under this provision.¹² Accordingly, the following paragraphs address the likelihood of confusion with regard to the goods/services in classes 30 and 43 (only).

Likelihood of confusion case law

49. 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.

¹¹ Case T-325/06

¹² See *Waterford Wedgwood plc v OHIM* – Case C-398/07P, CJEU

The principles

(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) 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;

(g) 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;

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

(i) 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;

(j) 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.

The average consumer and the selection process

50. 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*.¹³ The services covered by class 43 of the application may sometimes be selected by business users. However, the average consumer of all the goods/services in classes 30 and 43 is, or includes the general public. Fresh coffee, similar drinks, and catering services, cover everyday relatively low-cost purchases. The average consumer is likely to pay (at most) an average degree of attention when selecting such goods/services.

51. The goods/services are likely to be selected primarily by eye using visual signs, such as branding on coffee machines. However, word-of-mouth recommendations are also likely to play a part in the selection process. Therefore, the way the marks look is most important, but the way the marks sound must also be considered.

Distinctive character of the earlier trade mark

52. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, 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

¹³ Case C-342/97

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 Windsurfing Chiemsee 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).”

53. I have already explained why I consider that the earlier trade mark possesses a low degree of inherent distinctive character.

54. According to Mr McNally’s unchallenged (in this respect) evidence, the earlier trade mark has been used in relation to fresh coffee sold through self-service vending/dispensing machines since 2004. The use of that mark, and the 2008 version of the same logo with the same distinctive character, continued until after 2012, probably until 2016/17. There is no evidence of market share or the amount spent promoting the mark. However, it appears that a substantial volume of coffee was sold each year under the mark from 100s of sites located throughout the UK. The public are likely to have believed that all such use distinguished goods/services marketed by, or under the control of, a particular undertaking. It is not necessary to show that the public knew the name of that entity. In my view, the use made of the earlier mark is likely to have enhanced its distinctive character, particularly the distinctiveness of the words SIMPLY COFFEE. I therefore find that, at the relevant date, the earlier mark had at least an average degree of distinctive character in

relation to fresh coffee, similar freshly-made drinks, and related services for the provision of drinks.

Comparison of marks

55. It is clear from *Sabel BV v. Puma AG* that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. As the CJEU stated in *Bimbo SA v OHIM*:¹⁴

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

56. It would be wrong, therefore, to dissect the trade marks artificially, although it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

¹⁴ Case C-591/12P at paragraph 34

57. The respective trade marks are shown below:

Earlier trade mark	Contested trade mark
	

58. For the reasons given above, I find that the words SIMPLY COFFEE are the dominant and distinctive element of the earlier mark. Although non-distinctive, the device of a coffee cup is more than a negligible element of the mark and must, therefore, also be taken into account in assessing the degree of similarity between the marks.

59. The applicant submits that the marks are visually dissimilar. It points out that whilst both contain a take-away coffee cup, the orientation, colour and stylisation are different. In particular:

- (i) The earlier mark is a light brown colour, whereas the contested mark is primarily black;
- (ii) The earlier mark is orientated so that it is slanted at an angle, whereas the contested mark is precisely vertical;
- (iii) The earlier mark is styled to appear as though steam is coming from the top of the cup, whereas the contested mark has no such feature.
- (iv) The contested mark is styled with coffee beans for feet, with cartoon hands and eyes and a curved arrow styled to look like a mouth, whereas the earlier mark has none of these distinctive features.

Further, the words “Simply Coffee” are said not to be a dominant feature of the marks as they are essentially a reference to the type of goods and services supplied and, as such, would not impact upon the perception of the relevant public. According to the applicant, this renders an aural comparison of the marks moot. From a conceptual standpoint, the applicant says that the contested mark and the earlier mark are very different: the former is a representation of a cartoon-like humanoid coffee cup, which is very different conceptually to a plain coffee cup.

60. In my view, the points made by the applicant about the impact of the orientation, colour and stylisation of the coffee cups depend on the average consumer paying a higher degree of attention to the marks than is likely to be the case in practice. I have already explained why I do not accept that the words SIMPLY COFFEE are likely to be perceived by average consumers as descriptive of the goods/services. In my judgement, these words are the (or in the case of the contested mark, one of the two) distinctive and dominant element(s) of the marks. Further, the identity between the word element of the marks is reinforced by the use of similar (albeit relatively minor) stylisation and colours for the words.

61. I accept that the contested mark has an additional distinctive element in the humanoid appearance given to the coffee cup. This and other minor differences, such as the colour of the cups and the presence of a small green device in the contested mark, mean that the visual impressions created by the marks are different. However, the common element, i.e. the words SIMPLY COFFEE on a coffee cup, is sufficient, in my view, to create a medium to high degree of visual similarity between the marks.

62. It is rightly not suggested that consumers would verbalise the strapline shown in small letters at the base of the cup in the contested mark – “*Stimulate your senses.*” This is plainly a purely promotional message without trade mark character or significance. The graphical elements of the marks are also unlikely to find verbal expression. Therefore, both marks will be verbalised by average consumers as ‘Simply Coffee’. Accordingly, the marks are aurally identical.

63. As I noted earlier, some average consumers may see the words SIMPLY COFFEE as suggestive of coffee made simply. Such consumers will see a low degree of conceptual similarity between the marks because of this. I accept that the humanoid

element of the contested coffee cup mark creates the idea of a humanoid coffee cup, which has no counterpoint in the earlier mark. Therefore, the marks are conceptually different with (at most) only a low degree of conceptual similarity apparent to some average consumers.

Global assessment – Likelihood of confusion

64. Given the degree of visual similarity between the marks, their aural identity, the identity or high degree of similarity between the goods/services in classes 30 and 43, and the (at most) average degree of attention average consumers are likely to pay when selecting the goods/services, I have no hesitation in finding that there is a likelihood of confusion. Allowing for imperfect recollection, I find there is a likelihood of direct visual and aural confusion amongst a significant proportion of average consumers. In reaching this conclusion, I have considered the distinguishing effect of the visual and conceptual differences between the marks. Conceptual differences do not necessarily neutralise visual similarity and aural identity.¹⁵ I find that the conceptual difference between the marks, such as it is, will reduce the extent of, but not avoid, a significant level of direct confusion.

65. There is also a likelihood of indirect confusion if the marks are used in relation to the goods/services in classes 30 and 43. As Mr Iain Purvis Q.C., as the Appointed Person, explained in *L.A. Sugar Limited v By Back Beat Inc*,¹⁶ indirect confusion occurs where consumers recognise that the marks are different but believe that the similarity between them indicates that the later mark is another brand used by the owner of the earlier mark. In this case, the fact that the later mark uses the same word element as the earlier mark, presented in the same style and colours, and also places those words on a device (albeit a different device) of a coffee cup, is likely to cause a significant proportion of average consumers who are not directly confused to believe that the contested mark is a brand extension of the earlier mark. This is hardly a surprising conclusion. After all, the evidence shows this is precisely what it is.

66. I therefore find that there is a likelihood of confusion if the contested mark is used in relation to the goods/services covered by classes 30 and 43 of the application.

¹⁵ See Case C-16/06 P *Éditions Albert René*, CJEU at paragraph 98

¹⁶ Case BL O/375/10

Consequently, the opposition under section 5(2)(b) succeeds in classes 30 and 43, but fails in respect of the goods in class 11.

The section 5(4)(b) copyright ground of opposition

67. The opponent's pleaded case is as follows:

“The Opponent (and the associated Trust) commissioned the design of its logos. The copyrights (the artistic works) in those logos have been transferred by assignment to the Opponent (and the associated Trust). The mark applied for is a flagrant a copy of the Opponent's logos in their entirety or a substantial part thereof.”

68. The works in question are the 2016 and 2012 versions of the Simply Coffee 'coffee man' logo shown below.



69. Section 5(4) of the Act is as follows:

“(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) by virtue of an earlier right other than those referred to in subsections(1) to (3) or paragraph (a) or (aa) above, in particular by virtue of the law of copyright, or the law relating to industrial property rights.

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.”

70. The relevant provisions of the Copyright, Designs and Patents Act 1988 are set out below:

“1 (1) Copyright is a property right which subsists in accordance with this Part in the following descriptions of work-- (a) original literary, dramatic, musical or artistic works.”

“4 (1) In this Part "artistic work" means-- (a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality,”

“11 (1) The author of a work is the first owner of any copyright in it, subject to the following provisions.

(2) Where a literary, dramatic, musical or artistic work, or a film, is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.”

“16 (1) The owner of the copyright in a work has, in accordance with the following provisions of this Chapter, the exclusive right to do the following acts in the United Kingdom—

(a) to copy the work (see section 17);

(b) to issue copies of the work to the public (see section 18);

(ba) to rent or lend the work to the public (see section 18A);

(c) to perform, show or play the work in public (see section 19);

(d) to communicate the work to the public (see section 20);

(e) to make an adaptation of the work or do any of the above in relation to an adaptation (see section 21);

and those acts are referred to in this Part as the "acts restricted by the copyright".

(2) Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright.

(3) References in this Part to the doing of an act restricted by the copyright in a work are to the doing of it—

(a) in relation to the work as a whole or any substantial part of it, and

(b) either directly or indirectly."

71. The 2012 and 2016 logos are plainly graphical works. They are original works in the required sense that they were not copied from earlier works (except that the 2016 logo was clearly derived from 2012 logo). I have no doubt that the works are protected by copyright.

72. Mr McNally says that all the Simply Coffee logos were commissioned for the Trust by the design companies AF-Protech Ltd and Improtechnology Ltd, both of Paignton, Devon, and subsequently assigned to Mr McNally as trustee of the Trust. Exhibit JM11 consists of a copy of a copyright assignment document dated 30th September 2016 between Pro-tech AF Ltd and "*The Simply Coffee Trust acting by its trustee Jason McNally.*" The graphical work corresponding to the 2016 Simply Coffee 'coffee man' logo is identified as the subject of the assignment. The document is signed by Mr Steve Flanders of Pro-tech AF and by Mr McNally as trustee of the Trust. Mr McNally also provides copies of invoices dated November 2004, April 2008, 7th December 2011 and 18th September 2016, which he says are for the work involved in creating the coffee

cup designs relied on in these proceedings.¹⁷ The 2011 and 2016 invoices are claimed to relate to the creation of the 2012 and 2016 versions of the logos. They are from Protech-AF Ltd. All four invoices are addressed to “Jason McNally, Simply Coffee” at an address in Paignton. The 2011 invoice is for “*Graphic Design for a Simply Coffee Coffee Cup Character.*” The 2016 invoice is for “*Re Design of the Simply Coffee logo and assistance on the Coffee Cup Character.*”

73. These documents appear to show that Mr McNally of ‘Simply Coffee’ commissioned all four versions of the Simply Coffee logo and that (at least) the 2016 logo was assigned to the Trust. However, Ms Singh’s statement included the following challenge to this evidence:

“We as Applicant and as liquidator to the Company have evidence of payments being made to Protech by the Company at around the relevant time in the Autumn of 2016, but the sums paid to Protech do not match the invoice values attached at JM12. What is clear however is that the Company did pay Protech for certain works which could well include the works done by Protech for the design of the Applicant’s current trade mark. In this regard, I attach at AS3 copies of bank statements for the Company from 27 October 2016 to 30 June 2017. On 27.10.16 a payment of £330 was made to Protech. This was very shortly after the Protech invoice for £180 dated 18.9.16 (page 89 of the Opponent’s statement) which the Opponent heavily relies upon. On 1.12.16 a payment of £930 was made to Protech. On 16.2.17 a payment of £54 was made to Protech. On 24.4.17 a payment of £444 was made to Protech. On 30.5.17 a payment of £222 was made to Protech.”

74. Mr McNally second witness statement replied to this part of Ms Singh’s statement as follows:

(i) He reiterated that all design costs for the logos were paid for by himself “*and or the Simply Coffee Trust*”;

¹⁷ See exhibit JM12

(ii) He denied that the payments shown to Pro-tech AF in the applicant's bank statements related to these invoices;

(iii) He pointed out that the applicant paid Protech Media (a company related to Pro-tech AF) to host the website www.simplycoffee.com and for other IT services (implying that the payments shown in the bank records were for these services).

75. Mr McNally also provided a copy of a chain of email exchanges between the liquidator's FRP practice and Mr Steve Flanders of Pro-tech AF and Protech Media. The chain starts in September 2019 when Mr Flanders was informed about the applicant's liquidation and asked to close the website, which he did. The exchanges resumed in October 2021 when the liquidator tried to contact Mr Flanders to obtain information about Pro-tech's past work for the applicant. Mr Flanders responded to these enquiries on 2nd November 2021. I note the following:

(i) In response to a request for copies of any agreements with the applicant and bank records of payments received from the applicant or its directors, Mr Flanders said that following its recent dissolution he no longer held any paperwork for Protech-AF;

(ii) Mr Flanders said he and his company had never worked for the applicant and had not heard of them before receiving correspondence from the liquidators;

(iii) Mr Flanders claimed his company only ever dealt with Jason McNally trading as Simply Coffee;

(iv) Mr Flanders confirmed that his company assigned the copyright in the 2016 logo and that it was his signature on the assignment document.

76. Mr Flanders has not provided a witness statement. The email chain is therefore to be treated as hearsay evidence in accordance with the Civil Evidence Act 1995. It obviously provides no support for the liquidators' claim that the applicant company might have paid for the commissioning of the graphical work that constitutes the 2016 logo. Beyond that it sheds little light on who commissioned the works. This is because

although it shows that Pro-tech AF dealt exclusively with Mr McNally, it sheds no light on whether he commissioned the 2016 work on behalf of the Trust (as he says), or whether he did so on behalf of the applicant company (as the liquidator says should be inferred).

77. In most situations the fact that Mr McNally was a director of the company that was going to make commercial use of the graphical work would justify an inference that he commissioned the works on behalf of the company. The position is more complicated in this case because:

(i) Mr McNally commissioned three previous versions of the Simply Coffee logo before entering into the exclusive licence agreement with the applicant;

(ii) The 2012 version of the logo appears to have been created on behalf of Mr McNally before the applicant was incorporated, and the 2016 logo incorporates a substantial part of the 2012 work;

(iii) Commercial use of the 2016 logo would therefore probably have infringed the copyright in the 2012 logo, unless made by, or with the authority of, the owner of the copyright in the 2012 logo;

(iv) The fact that the registered trade mark was retained by Mr McNally and only licensed to the applicant in 2013 gives credence to his claim that the copyright in the 2012 and 2016 logos were also commissioned by him and held on behalf of the Trust;

(v) Mr McNally's evidence is not contradicted by any documentary evidence, and the applicant has not sought to cross examine Mr McNally.

78. In these circumstances, I accept Mr McNally's evidence that he commissioned the 2012 logo on his own behalf in December 2011 (or on behalf of the 'Simply Coffee' business he was then conducting, apparently as a sole trader), and he commissioned

the 2016 logo on behalf of the Trust. I also accept his evidence that the 2016 logo was assigned to the Trust on 30th September 2016.¹⁸

79. It follows that use of the contested mark without the licence of the copyright owner would be contrary to section 16 of the Copyright, Designs and Patents Act 1988. Therefore, the ground of opposition under section 5(4)(b) of the Act succeeds. This means that the application must be refused in full.

The remaining grounds of opposition

80. My findings under section 5(4)(b) mean that the application must be refused in full. Further, my findings under section 5(2)(b) mean that the application must be refused anyway so far as the goods/services in classes 30 and 43 are concerned. And these appear to be the goods/services that are relevant to the parties' actual commercial interests. In these circumstances, I do not consider it necessary to determine the further grounds of opposition under sections 5(3) and 5(4)(a) of the Act.

81. The opposition under section 32 is misconceived and must therefore be rejected on this basis. This is because although a lack of intention to use the contested trade mark may form part of the basis for an opposition under section 3(6), compliance with section 32 is only a procedural requirement. The requirement was satisfied when the application was filed with the required statement that the mark was in use by the applicant or with its consent, or there was a *bona fide* intention for such use to be made of the mark. Section 32(3) is not a self-standing ground of opposition.

82. The opponent's allegation that the application was filed in bad faith is a serious allegation. Therefore, although the outcome of the opposition does not depend on the outcome of the section 3(6) ground, I nevertheless consider it necessary to address it.

¹⁸ According to Mr McNally, the work corresponding to the 2012 logo was assigned to him, and he assigned it to the Trust in 2014. Exhibit JM13 is a copy of an assignment between Mr McNally and the Trust. Oddly, the Schedule where 'The Works' should appear is blank. However, I am satisfied that Mr McNally or the Trust was, at least, the beneficial owner of the copyright in the 2012 logo at the time the 2016 logo was created.

The section 3(6) ground of opposition – bad faith

83. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

84. There are two aspects to the bad faith allegation. Firstly, that the applicant knew when it filed the application that it had no right to use the contested mark. Secondly, the applicant was in liquidation when it filed the application and, therefore, could not have had an intention to use the contested mark.

85. The basis of the first claim is that:

(i) The registered trade mark was only licensed to the applicant when it applied to register the mark in its own name;

(ii) The applicant knew or should have known this because following the company going into liquidation in May 2019, the opponent’s lawyer sent a letter to the company at its Birmingham address terminating the licence arrangement.

86. The basis of the second claim is that:

(i) The application was probably filed by the liquidators of the applicant company;

(ii) The liquidators could not have intended for the company to use the trade mark going forward;

(iii) The statement on the application form that the mark was in use by the applicant or with its consent, or there was a *bona fide* intention to make such use of the mark, was therefore made in bad faith.

87. Ms Singh’s evidence puts it beyond doubt that the application was indeed filed by the liquidators of the applicant company. She also says:

(i) There was no record of any IP licences in the company’s records;

(ii) The letter sent to the company in May 2019 did not reach the appointed liquidators;

(iii) The liquidators have been approached by a would-be buyer of the contested mark on condition that it is registered;

(iv) The liquidators have a duty to realise the assets of the company for the benefit of the creditors.

88. in *Sky Limited & Ors v Skykick, UK Ltd & Ors*,¹⁹ the Court of Appeal in England and Wales provided a helpful summary of the law on bad faith in relation to trade mark applications. The relevant parts of the summary are shown below (with references to earlier UK and EU trade mark cases omitted):

1. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin.

2. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices.

3. The date for assessment of bad faith is the time of filing the application.

4. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved.

¹⁹ [2021] EWCA Civ 1121

5. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application.

6. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case.

7. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

8. Applying to register a trade mark without an intention to use it is not bad faith *per se*. Therefore, it is not necessary for the trade mark applicant to be using, or have plans to use, the mark in relation to all the goods/services covered by the specification.

9. The bad faith of the trade mark applicant cannot, therefore, be presumed on the basis of the mere finding that, at the time of filing his or her application, that applicant had no economic activity corresponding to the goods and services referred to in that application.

10. Even where there exist objective indicia pointing towards bad faith, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists.

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark.

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign.

89. I accept Ms Singh's evidence that the liquidators did not know about the trade mark licence at the time the application was filed. The applicant cannot be accused of acting

dishonestly in relation to a licence that those responsible for filing the application did not know about. I also accept Mr Singh's submission that the liquidators were (and are) under an obligation to realise all the assets of the company for the benefit of its creditors.

90. I find the applicant's intention was to register and sell the contested trade mark to a party who would use the mark in accordance with its legitimate functions. In these circumstances, the fact that the applicant itself was not using the mark at the time of the application and/or had no plans to use it itself in the future, is not sufficient to show that the application was filed in bad faith. In any event, those acting for the applicant have provided a plausible explanation of the objective and commercial logic pursued by the application, which I accept. I therefore reject the opponent's allegation that the application was filed in bad faith.

91. The section 3(6) ground of opposition fails accordingly.

Overall outcome

92. The application will be refused in full because registration of the mark would be contrary to sections 5(2)(b) and 5(4)(b) of the Act.

Costs

93. The opponent having succeeded is entitled to a contribution towards its costs. I assess these as follows:

(i) £200 for the official fee for filing a Notice of Opposition;

(ii) £450 towards the cost of preparing the Notice of Opposition and considering the Counterstatement;

(iii) £1500 towards the cost of preparing evidence and considering the applicant's evidence.

94. As noted earlier, the opponent also filed written submissions. These were prepared by Mr McNally himself rather than his legal representatives. I will add £50 to the costs for this work, representing 2.5 hours of time at the litigant-in-person rate followed by the courts in England and Wales. This amounts to £2200 in total.

95. In the event that the Trust was successful, Mr McNally urged me to award costs against Ms Arvindar Singh of FRP, who he considers to be the real applicant in these proceedings. Ms Singh is not the applicant. The applicant is Simply Group Europe Ltd. Ms Singh is one of the liquidators of the company. The registrar only has power to award costs against parties to the proceedings before him. Therefore, there is no power to award costs against Ms Singh. I would not have done so anyway. In making and defending the application she was doing no more than discharging her duty as a liquidator of the company to do her best to realise its assets for the benefit of the creditors.

96. I therefore order Simply Group Europe Ltd to pay Mr Jason McNally of Simply Coffee Trust the sum of £2200.

97. I understand that as a result of an order made by a different Hearing Officer the applicant's legal representatives are holding £3400 deposited by the opponent as security for costs. I direct that this sum be returned to Mr Jason McNally of Simply Coffee Trust.

98. The above sums should be paid/returned within 21 days of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal or court).

Dated 17th day of May 2022

Allan James
For the Registrar