

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION **m** 2001367
BY MANHATTAN BAGEL COMPANY INC
TO REGISTER THE TRADE MARK



AND

IN THE MATTER OF OPPOSITION
THERE TO UNDER OPPOSITION **m** 43102 BY
NEW YORK BAGEL COMPANY LTD

TRADE MARKS ACT 1994

IN THE MATTER of trade mark
application **m**2001367 by
Manhattan Bagel Company Inc

5 and

IN THE MATTER OF opposition
thereto under opposition **m**43102
by New York Bagel Company Ltd

DECISION

10 Manhattan Bagel Company Inc applied on 7 November 1994 to register the mark shown
below in class 42 in respect of :

15 “Restaurant services, take-away food services, bistro, restaurant, café, cafeteria,
canteen, coffee shop, bar, sandwich and salad bar services, snack bar, luncheon bar,
and wine bar services; preparation of food and drink for others; all included in
Class 42.”



The mark was advertised for opposition purposes on 14 June 1995.

The application is opposed by the New York Bagel Company Ltd who claim to have used the
trade mark NEW YORK BAGELS in the United Kingdom since 1980. The ground of
opposition is thus expressed as follows:

20 **Ž** Use of the mark applied for is liable to be prevented by virtue of the law of
passing off in relation to the rights subsisting in the opponent’s said trade mark
and its company name.

Although not specifically identified as such in the notice of opposition, I assume that this ground goes to section 5(4)(a) of the Act.

The notice of opposition also alleges that “the mark applied for is devoid of any distinctive character”, and that it “consists exclusively of signs or indications which serve in the trade to designate the kind and geographical origin of rendering of the services specified, or other characteristics of those services.” However, I was advised at the hearing that the opponent did not intend to pursue these absolute grounds of opposition, and therefore I formally find that the opposition on absolute grounds fails accordingly.

In response to the notice of opposition, the applicant filed a counterstatement denying each of the grounds pleaded.

Both parties ask for an award of costs in their favour.

Both sides filed evidence in these proceedings, following which a hearing was held on 14 July 1998. At the hearing, the opponent was represented by Mr Roger Wyand of Her Majesty’s Counsel, instructed by Lewis & Taylor; the applicant was represented by Mr Douglas Campbell of Counsel instructed by David Keltie Associates.

Opponent’s Evidence

The opponent’s evidence in chief consists of a statutory declaration by Keith D Edwards dated 7 August 1996. Mr Edwards is the Managing Director of New York Bagel Company Ltd (hereafter “NY Bagels”) of Peterborough, Cambridgeshire. He confirms that he has held this position since October 1994 and that he has full access to his company’s books and records.

Mr Edwards states that NY Bagels started to operate under its present name in December 1991. Prior to that time, the business was conducted under the auspices of another company, New York Bagels Limited, which was originally incorporated in November 1982. When this latter company was put into liquidation in August 1991, the relevant assets were purchased by, and transferred to, NY Bagels.

The evidence shows that in each of the last five years or so, NY Bagels has achieved an annual turnover in its goods of the order of £7 - £10 million. This results from the supply of bagels to:

Sainsbury	Asda	Iceland	Pullman Foods
Tesco	Co-op	Budgens	Brake Bros
Safeway	Somerfield	Boots	County Choice
Waitrose	Savacentre	British Airways In Flight Service	

In relation to this same period, Mr Edwards says that his company spent around £250,000 - £400,000 each year advertising and otherwise promoting its goods. He also says that his company has repeatedly shown its products at a number of exhibitions such as the BBC Good Food Show (Birmingham & London), Sial Food Expo (Paris), IFE (Earl’s Court, London), Badminton Show, Royal Show, Three Counties Show, East of England Show, Forecourt Shop and Convenience Retailing (NEC, Birmingham).

At exhibit KDE2, Mr Edwards provides examples of the stationery (eg business cards, compliment slips, letter heads) and packaging used by NY Bagels since 1991. Each of these examples presents the company name with a graphical device as shown below:



(As used on stationery)



(As used on packaging)

5 Mr Edwards confirms that NY Bagels has used both versions of this logo consistently until very recently when the logo was up-dated. (He does not say how the logo has been updated.)

Finally, Mr Edwards concludes by stating his opinion as to the likelihood of confusion if the applicant were to trade in this country using the mark in suit.

Applicant's Evidence

10 This comprises a statutory declaration dated 8 January 1997 by Jack Grumet, the Chairman of Manhattan Bagel Company Inc. Mr Grumet has been with his present company since 1990 and also confirms that he has full access to his company's records.

15 Mr Grumet's evidence explains how the Manhattan Bagel Company began in New Jersey, America, and how it has increased to a network of franchised, licensed and company-owned bagel restaurants and stores throughout the whole of the United States of America. As of 31 December 1995 there were a total of 152 stores operating in 15 states. He goes on to say that by the end of 1996 this number will have doubled.

20 Turnover in relation to bagel stores and restaurants has increased from around £2 million in 1992 to over £12.5 million in 1995. Mr Grumet explains that his company now wishes to expand its business into the United Kingdom under the trade mark for which it is known and has become highly successful in the USA. He says plans are underway with a view to the first operation in the United Kingdom being opened during 1997 or 1998. (I will add at this point that it was common ground at the hearing that the applicant has not yet commenced trading in the United Kingdom.)

25 A substantial portion of Mr Grumet's evidence addresses the absolute grounds pleaded in the notice of opposition. As the opponent indicated at the hearing that these grounds were no longer being pursued, I do not need to refer in any detail to Mr Grumet's evidence on the issue. The remainder of Mr Grumet's declaration is taken up with a critical analysis of the opponent's evidence (eg drawing attention to the absence of invoices etc); to the extent that I need to refer to it, I will do so later in this decision.

Opponent's Evidence-in-Reply

Responding to the criticism in Mr Grumet's evidence, the opponent filed a further statutory declaration by Mr Keith Edwards, dated 26 June 1997. Exhibited to this second declaration is a selection of invoices showing sales of bagels by NY Bagels to Asda Stores, Buckingham Foods Ltd (suppliers to British Airways), Budgens Stores Ltd, Cuisine de France (suppliers of bakery products to large stores and in-store bakeries), Wm Morrison Supermarkets plc, J Sainsbury plc, Safeway plc and Tesco Stores Ltd. Also exhibited are a number of extracts from publications containing advertisements which indicate that the opponent's bagels were available from particular stores. The publications, and the stores from which they indicate the bagels are available, are as follows:

	<u>Publication</u>	<u>Stores mentioned</u>
	Sainsbury's The Magazine	Sainsbury's
	Slimmer Magazine	Sainsbury's, Tesco, Asda and selected Safeway stores
	Home Cooking	Tesco and Sainsbury's
15	Family Circle	Sainsbury's, Tesco, Asda and selected Safeway stores
	Healthcare	Sainsbury's, Tesco, Asda and selected Safeway stores

Mr Edwards says that these advertisements cost in the region of £6000 - £8000 each and represented a total advertising expenditure of between £200,000 and £300,000 per year.

Clarifying the position in relation to the turnover figures given in his earlier declaration, Mr Edwards explains that his company's business is solely the manufacture and sale of bagels and no other products. Thus the entire turnover relates to the sale of bagels.

Mr Edwards then makes a number of submissions in his evidence, which, if I need to refer to them, I shall mention later in this decision. He concludes with the following summary of the opponent's position:

“My company manufactures its bagels to a high standard using real American bagel-making machinery and proper North American-grown wheat to ensure that they are genuine American bagels. I am concerned that people who are familiar with my company's bagels sold under my company's name and mark would inevitably be confused on seeing the applicants mark into thinking that the services or products to which it is applied have some connection with my company. Such confusion would arise because MANHATTAN is known to be part of NEW YORK and indeed they are both thought of as being the same place, a view which is encouraged by the inclusion in the applicants' mark of a silhouette of a skyline which would be identified as that of NEW YORK and MANHATTAN.”

That concludes my review of the evidence, and I turn to consider the sole remaining ground of opposition.

Section 5(4)(a)

This section of the Act reads as follows:

“5.—(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—

- 5 (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 The opponent relies upon the law of passing off. More particularly, since it was common ground that the applicant had not yet entered the market, any action in respect of passing off would necessarily be *quia timet*. A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England 4th Edition Vol. 48 (1995 re-issue). Paragraph 165 refers to the speeches in the House of Lords in the Jif Lemon case¹ and the
15 Advocaat case² and gives the following guidance:-

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- 20 (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

25 The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of ‘passing off’, and in particular should not be
30 used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

¹Reckitt & Colman Products Ltd v Borden Inc and others [1990] RPC 341

²Erven Warninck BV & Another v J Townend & Sons (Hull) Ltd & Another [1980] RPC 31

“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.”

I had the benefit of some very helpful submissions from both Counsel, with regard to each of the three necessary elements which must be established in an action for passing off and I propose to consider the matter under each heading in turn.

Goodwill

Mr Wyand, on behalf of the opponent, submitted that in view of the substantial turnover demonstrated by his client, I should have no difficulty concluding that the opponent had acquired the necessary goodwill to succeed in an action for passing off. But the matter is not so straight forward. Mr Campbell took me through the selection of invoices exhibited as part of the opponent’s evidence, and observed that the invoices dated prior to 1994 had been printed on standard invoice forms, with the name ‘NEW YORK BAGEL CO LTD’ printed in plain typeface at the top of the invoice. The opponent’s logo does not appear on the invoices until March 1994. In Mr Campbell’s submission, this was an important factor that I should consider in determining the goodwill established by the opponent. That is to say, not only is there no evidence of the logo having been used **at all** prior to 1991, but the evidence clearly suggests that it was not used on invoices until March 1994 — a mere eight months before the filing date of the application.

If I had to determine the extent of the opponent’s prior user of their mark (eg as one would in relation to section 11 of the Trade Marks Act 1938), these particular submissions of Mr Campbell would clearly be very relevant. But the matter I have to decide is not whether the opponent has an earlier right that would have succeeded in opposition under section 11 of

the old law, but whether the opponent would be able to prevent the applicant from using the mark in suit by virtue of the law of passing off. Although the point was not argued at length before me, the distinction is an important one, for the law of passing off does not directly protect names or trade marks (whether registered or unregistered) but the goodwill associated with a business. Mr Wadlow, in his book on the subject³ of passing off, explains the position better than I could. Rather than attempt a restatement of my own, I adopt the following paragraph (2-03) from Mr Wadlow's book:

Distinction with trade mark rights

The right of property protected by the action for passing-off is the goodwill of the plaintiff's business as a whole. Passing-off does not directly protect names, marks, get-up or other indicia; nor does it recognise them as forms of property in their own right. There is no such thing as an action for infringement of a common-law trade mark. Of course, trade marks in the widest sense are of the greatest importance in passing-off because the essential element of misrepresentation often depends on whether the plaintiff's alleged indicia have trade mark significance. If they do, then use of deceptively similar indicia constitutes a misrepresentation. But it is still "a right of property in the business or goodwill in connection with which the mark was being used" which the action is protecting, not any goodwill in the mark itself.

"On the one hand, apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name. On the other hand, no one is entitled by the use of any word or name, or indeed in any other way, to represent his goods as being the goods of another to that other's injury. If an injunction be granted restraining the use of a word or name, it is no doubt granted to protect property, but the property, to protect which it is granted, is no property in the word or name. but property in the trade or goodwill which will be injured by its use."

Because passing-off normally turns on the misuse by the defendant of some name, mark, get-up or other indicia of the plaintiff it is tempting to regard the plaintiff as having a specific goodwill in that mark (etc.) which is protected by the action for passing-off. However, passing-off is not confined to such cases, and the misrepresentation need not take the form of misuse of a distinctive mark to which goodwill might be said to attach:

Consequently the goodwill that a plaintiff must be able to show need not be goodwill specifically associated with one or more signs, or trade marks. Rather it is the goodwill of his business as a whole - howsoever it is known to his customers. Applying this principle to the circumstances before me, I conclude that in assessing the opponent's goodwill, whether or not the opponent has consistently used a particular name or logo in the course of trade is not a significant factor.

In Mr Wyand's opinion, the substantial turnover achieved by the opponent prior to the date on which the application was filed was in itself sufficient to establish that the opponent had the necessary goodwill to succeed in an action for passing off. Nevertheless, he submitted that as the applicant had not yet begun using the mark in the United Kingdom I should have regard to the evidence of his client's trade, and hence the increased goodwill generated, since the application filing date. This, he maintained, would be entirely consistent with the practice of

³"The Law of Passing Off", Christopher Wadlow. (Published by Sweet & Maxwell.) Para 2-03

the Court in passing off cases where the Court will take account of the goodwill generated by the plaintiff's business right up until the point in time when the defendant first enters the market. In a *quia timet* action, this means that the Court would be willing to consider evidence of goodwill acquired after proceedings for passing off have commenced.

5 Mr Campbell accepted that such was the practice of the Court, but did not agree with Mr Wyand that, by analogy, it was equally appropriate for me to take account of the opponent's activities after the filing date of his application in these opposition proceedings. Mr Campbell's argument was that in order to succeed under section 5(4), an opponent must necessarily have an **earlier right** as explained at the end of section 5(4); 'earlier' in the sense
10 that it existed as a right before the application was filed. This interpretation would appear to be supported by Article 4(4)(b) of the trade marks Directive⁴ which says:

"4. Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a)

15 (b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark."

20 In particular the words "... acquired prior to the date of application ..." give clear support for Mr Campbell's interpretation. I do not overlook the fact that Article 4(4)(b) is an optional provision of the Directive. I am also conscious that it refers specifically to "rights to a non-registered trade mark", and as I have already observed, the law of passing off protects the goodwill of a business and is not primarily a law protecting non-registered trade marks. Once
25 again the distinction is an important one for whilst a company's goodwill is often closely associated with its trade mark(s), as section 24 of the Act envisages, trade marks may be assigned *independently* of the goodwill of a business.

Nevertheless, section 5(4)(a) of the Act clearly refers to the law of passing off as a particular example of a rule of law protecting an unregistered trade mark, and to that extent I am
30 satisfied that section 5(4)(a) is founded on Article 4(4)(b) of the Directive. That being the case, I conclude that the relevant date at which the opponent must have had the necessary goodwill is the application filing date - 7 November 1994.

In his evidence for the opponent, Mr Edwards says that in each of the years 1991-1996 his company achieved a turnover of £7 - £10 million in the sale of bagels. Even discounting the
35 period prior to the application filing date (7 November 1994), this represents a substantial amount of trade. It is sufficient to persuade me that the opponent had the necessary goodwill to succeed in a passing off action as of 7 November 1994.

⁴Council Directive m 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks.

Misrepresentation

Having concluded that the opponent has established the necessary goodwill, the next question is whether the applicant, by using the mark in suit, would be misrepresenting its bagels as those of the opponent. It is well established that any misrepresentation need not be intentional. Referring back to the second of the ‘hurdles’ identified in the passage from Halsbury’s Laws of England, the appropriate inquiry is whether those persons who are aware of the opponent’s goodwill will mistakenly infer from the applicant’s use of the mark in suit that the applicant’s business is connected in some way with that of the opponent. In the particular circumstances of this case, it will be necessary to consider the similarity between the two marks and how they are used, or are likely to be used.

Insofar as the comparison of marks is concerned, Mr Wyand submitted that the test was essentially the same as that used in relation to section 11 of the Trade Marks Act 1938, save that the onus was on him to prove that there would be confusion. To the extent that I am in any doubt as to whether the marks are sufficiently similar to cause confusion, Mr Wyand accepted that the applicant was entitled to the benefit of that doubt.

Mr Wyand also accepted that if the two marks are compared side by side, they are easily distinguished. However, he relied on the well known principle of imperfect recollection. The application is made in class 42 for, *inter alia*, restaurant services. The opponent does not own or operate any restaurants — it sells bagels through supermarkets or via catering firms to large commercial customers, eg British Airways. Mr Wyand’s point was that it is difficult to imagine a situation where the two marks would be seen side-by-side. He invited me to consider a scenario where someone who is used to buying packets of NEW YORK BAGELS from the supermarket comes across a restaurant in the High Street displaying the sign MANHATTAN BAGELS. Because of the similarity of ideas, and bearing in mind the doctrine of imperfect recollection, Mr Wyand submitted that there was a very strong likelihood of confusion. Manhattan is an area of New York; a fact which Mr Wyand felt most of the British public would know. Consequently the skyline of Manhattan, a prominent element of the applicant’s mark, is also the skyline of New York. Mr Wyand picked out the Empire State Building, the Chrysler Building and the twin towers of the World Trade Centre. The only landmark missing from the skyline was the Statue of Liberty. Mr Campbell countered that the no-one would realise that the skyline in his mark was the skyline of Manhattan without the reinforcement of the rest of the mark. I tend to agree. Paragraph 17-08 at page 439 of Kerly’s Law of Trade Marks and Trade Names (Twelfth Edition) has the following to say about the importance of considering the “idea” of a mark:

(a) The “Idea of the Mark” is to be regarded

Two marks, when placed side by side, may exhibit many and various differences, yet the main idea left on the mind by both may be the same. A person acquainted with one mark, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted. Thus, for example, a mark may represent a game of football; another mark may show players in a different dress, and in very different positions, and yet the idea conveyed by each might be simply a game of football. It would be too much to expect that persons dealing with trade-marked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing.

Marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole. Moreover, variations in details might well be supposed by customers to have been made by the owners of the trade mark they are already acquainted with for reasons of their own.

5 When the question arises whether a mark applied for bears such resemblance to another mark as to be likely to deceive, it should be determined by considering what is the leading characteristic of each. The one might contain many, even most, of the same elements as the other, and yet the leading, or it may be the only, impression left on the mind might be very different. On the other hand, a critical comparison of two marks might disclose numerous points of difference, and yet the
10 idea which would remain with any person seeing them apart at different times might be the same.”

Mr Wyand argued that the “idea” of the mark in each case was the same. Both marks clearly allude to the American character of the product or service; an allusion that would be underlined in the mind of the British public because of the American origin of the bagel. But Mr Campbell stressed that his mark did not contain the leading characteristic of the
15 opponent’s mark — the Statue of Liberty. He further argued that the words NEW YORK BAGELS are descriptive, particularly as the city of New York has a particular reputation for bagels. In support of this argument, he took me to several exhibits in the opponent’s evidence where words such as “*authentic New York bagels*” are used. One example he quoted was as follows:

20 *“Our Bagels are baked to an authentic New York recipe. We use only the finest natural ingredients with no added fats.”*

Mr Campbell’s point was that where, in a passing off action, the plaintiff’s mark is largely descriptive, a lesser difference between the plaintiff’s mark and the defendant’s mark will be a sufficient distinction. He then referred to *Office Cleaning Services v Westminster Window and General Cleaners*⁵. (This was a passing off case in which the defendant, having traded under the name “Westminster Office Cleaning Association”, later commenced to trade under the title “Office Cleaning Association”.) Luxmoore LJ, dealing with the use of descriptive words in a trade name, summed up the case law and concluded:

30 *“In the absence of any fraudulent intention, the cases appear to establish beyond controversy that a small differentiation is sufficient to defeat a plaintiff’s claim. In the present case the most distinctive word used by the Plaintiffs in their title is “services”. The Defendants have used in their title the word “association” which bears no resemblance in appearance or sense to the word “services”. In our judgment in all the circumstances of this case this difference is sufficient to distinguish the Defendants’ business from that of the Plaintiffs’”*

35 I note that these words of Luxmoore LJ were specifically approved by the House of Lords on appeal. However, this authority is clearly not on all fours with the case before me. To begin with, both of the marks in these proceedings contain device elements as a substantial part of the mark. It is also true that in the *Office Cleaning Services* case, the Defendant had actually commenced using the mark complained of - ie it was not a *quia timet* action.

⁵*Office Cleaning Services v Westminster Window and General Cleaners.* 61 RPC 133 and [1946] 39.

Nevertheless, both of these differences appear to assist Mr Campbell's case. For example, I cannot imagine that if the Court regarded the distinction between OFFICE CLEANING SERVICES and OFFICE CLEANING ASSOCIATION as sufficient to distinguish, that it would not similarly regard NEW YORK BAGEL CO and MANHATTAN BAGEL COMPANY, particularly with the different device elements each contains. For convenience I reproduce the two marks below, accepting as I do, Mr Wyand's point that this is a somewhat artificial situation.

Opponent's mark



Applicant's mark



To my mind, the fact that Mr Wyand is inviting me to find that his client would succeed in a passing off action *quia timet*, suggests to me that the likelihood of misrepresentation must be more fully established as there can be no evidence before the tribunal of actual misrepresentation having occurred.

Taking the best view I can of the matter, I do not consider that the mark applied for is likely to lead the public to believe that the services offered by the applicant are connected in any way with the opponent.

That effectively determines this opposition in the applicant's favour, but in the event of an appeal, I would offer the following observations in relation to the third element of passing off — the question of damage.

Damage

The likelihood of the opponent's business being damaged by the applicant's use of the mark in suit is entirely dependent on the public being misled into thinking that the two are connected in some way. As I have found that there is no realistic likelihood of misrepresentation, it follows that I do not believe the that opponent will be damaged by the applicant's activities under their mark. Nevertheless, if I had decided that misrepresentation was likely, I would have considered the following points in assessing the level of damage that might occur.

Mr Campbell reminded me that he was seeking registration of his mark for, *inter alia*, restaurant services in class 42. The opponent sells bagels through supermarkets etc. and has not expressed any interest in opening bagel restaurants in the High Street. Thus the two businesses are not in direct competition. To some extent I think Mr Wyand must have accepted this. Not only did it form part of his argument in relation to 'imperfect recollection' (ie that the two marks are unlikely to be seen side-by-side), but when addressing me on the subject of damage, the hypothetical examples he gave were based on the quality of the applicant's service. For example, a customer who is served a stale bagel in one of the

applicant's restaurants would be less likely to purchase a packet of the opponent's bagels from the supermarket. I would not have dismissed this scenario. There is clearly a potential for damage here because the opponent has no control over the quality of the service provided by the applicant. Nevertheless, such damage is much harder to quantify, and, especially in a *quia timet* action, I suspect the Courts would require evidence to show that such a scenario was more than merely hypothetical.

The other point, also raised by Mr Campbell, which is particularly relevant to the question of damage is the distribution of the opponent's sales. Mr Campbell took me through the sample invoices filed in evidence by the opponent. The invoices suggest that only 20% of the opponent's turnover is generated by the sale of bagels through supermarkets. The remaining 80% would appear to be sales through catering firms (Buckingham Foods Ltd) to British Airways or to Cuisine de France (suppliers of bakery products to large stores and in store bakeries). Mr Campbell's point was that whilst it was reasonable to assume that the 20% of sales to supermarkets were packaged in bags similar to the one exhibited to Mr Edwards' declaration, it was unlikely that the end consumer in the remaining 80% of cases would have any idea that they were being offered one of the opponent's bagels. Whilst there is no doubt in my mind that the opponent's trade as a whole is responsible for generating the goodwill upon which they are entitled to rely, the potential for damage to the opponent's business is (in my view) much reduced. Taking up Mr Wyand's example, a company such as Buckingham Foods Ltd or Cuisine de France could not be served a stale bagel in the High Street. In short, the end consumer is insulated from the manufacturer by an intermediary such that it is difficult to imagine how any significant damage could be caused to 80% of the opponent's business.

I should add that there is no dispute that the invoices filed in evidence by the opponent are only a sample. Although Mr Wyand argued that I should not regard them as being representative, it would have been difficult to resist Mr Campbell's rejoinder that the opponent had the opportunity to put in whatever evidence they wanted, and that his client's case should not suffer because the opponent, for whatever reason, filed evidence that they now say is completely unrepresentative.

Costs

The applicant, having been successful in these proceedings, is entitled to a contribution towards the costs of defending the application. I therefore order the opponent to pay to the applicant the sum of **£650**.

Dated this 11th day of August 1998

Mr S J Probert
Principal Hearing Officer
For the Registrar, the Comptroller-General