

**O-665-19**

**TRADE MARKS ACT 1994  
IN THE MATTER OF APPLICATION No. 3295665  
BY FINCA LIVERPOOL LIMITED  
TO REGISTER IN CLASS 43  
THE TRADE MARK**

**FINCA**

**AND**

**IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 413355  
BY WESTBOUND LIMITED**

**AND**

**IN THE MATTER OF APPLICATION No. 3295666  
BY FINCA LIVERPOOL LIMITED  
TO REGISTER IN CLASS 43  
A SERIES OF TWO TRADE MARKS**

**FiNCA**

**AND**

**FiNCA**

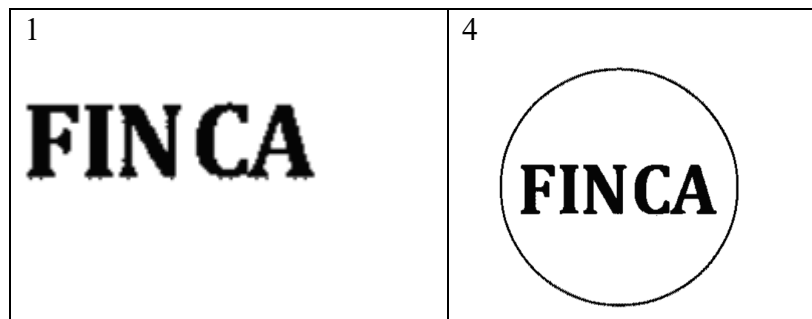
**IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 413356  
BY WESTBOUND LIMITED**

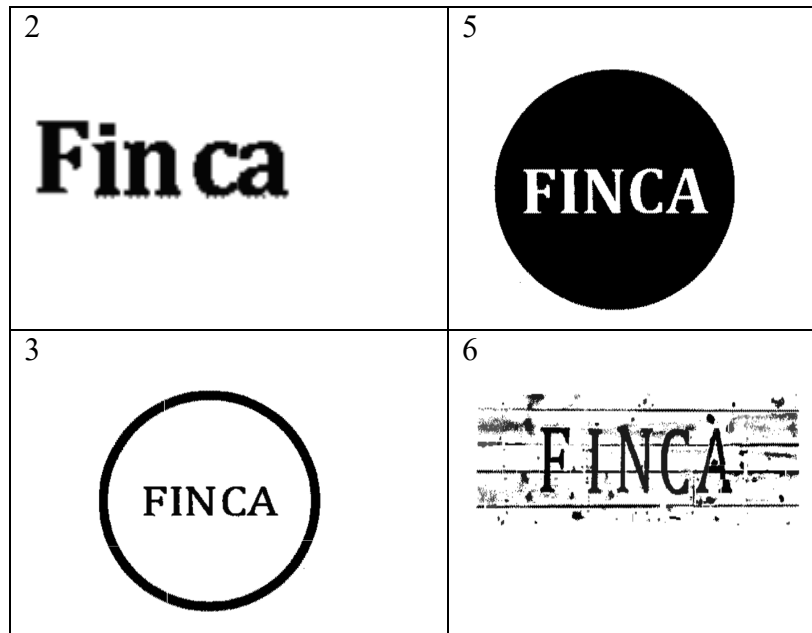
## BACKGROUND`

1) On 9 March 2018, FINCA Liverpool Ltd (hereinafter the applicant) applied (under application 3295665) to register the trade mark FINCA and also, on the same date, for the series of two marks shown on the front cover (under application 3295666). Both marks were in respect of the following identical services in class 43: Services for providing food and drink; restaurant services; bar services; cocktail lounge services; café services; coffee bar services; self-service restaurant services; snack bar services; take-away services; banqueting services; catering services; preparation of food, meals and beverages for consumption on or off the premises; restaurant reservation services; booking of restaurant seats, including online from a computer database or from the Internet; information about restaurants provided online from a computer database or from the Internet; telephone booking services in respect of restaurants; information, advisory and consultancy services in relation to the aforesaid services.

2) Both marks have the following identical limitation: “Registration of this mark is subject to the following limitation: The rights conferred are limited to services not provided in the administrative counties of Dorset and Somerset”. The applications were examined and accepted, and subsequently published for opposition purposes on 1 June 2018 in Trade Marks Journal No. 2018/022 (3295665) and 11 May 2018 in Trade Marks Journal 2018/019 (3295666).

3) On 9 August 2018 Westbound Limited (hereinafter the opponent) filed notices of opposition to both applications. In each case there is only a single, identical, ground of opposition. The opponent contends that its has been using the sign FINCA in a variety of ways (see below). The opponent contends that it has been using these marks since 19 June 2014 on 3 cafes in Dorchester, Yeovil and Poundbury and has created significant goodwill and reputation for the quality of its products and service as well as its hygiene. It contends that the applicant is seeking to obtain registration for an identical mark in identical services. As such the mark in suit offends against Section 5(4)(a) of the Act.





4) The opponent states that “These marks have also be represented with various background colours [for example, brown on serviettes), wood backgrounds [when used on shop fascias no.6), and various other backgrounds when used on, for example, menus”.

5) On 19 November 2018 the applicant filed two identical counterstatements denying that the opponent has used its marks upon the services claimed, in the areas claimed or for the period claimed. It denies that the opponent has any goodwill or reputation that is protectable in the UK or, in the alternative, that it has only a localised goodwill. It denies there will be misrepresentation and damage.

6) Both parties filed evidence, and both seek an award of costs in their favour. The matter came to be heard on 9 October 2019 when the applicant was represented by Dr Curley of Innovate Legal Services Limited; the opponent was represented by Mr Iszatt a director of the opponent company.

**OPPONENT’S EVIDENCE**

7) The opponent filed a witness statement, dated 8 January 2019, by Donald Michael James Iszatt a Director of the opponent company, a position he has held since 2014. He provides the following sales figures:

Period	Turnover £
19 June 2016 – 31 July 2015	72,381
1 August 2015 – 31 July 2016	124,685

1 August 2016 – 31 July 2017	224,729
1 March 2017 – 28 February 2018	336,484
1 December 2017 – 30 November 2018	515,000

8) Mr Iszatt explained at the hearing that his statement contained a typing error and that the overlapping figures were provided to give more context to the contention that the business was successful. He provides starting dates for four locations:

41 Western Rd, Dorchester (Café)	19 June 2014
11 High St, Yeovil (Café)	14 July 2016
The Grove Trading Estate (Roastery)	29 December 2017
Poundbury (Café)	11 December 2017

9) He also provides a huge number of exhibits which I summarise below except for some which are wholly after the relevant date (9 March 2018) such as 046-050, 053 and 081:

- 001, 002, 010, 058, 060 - 065, 067 - 071, 091 & 091a: Pages from Twitter which are dated between June 2014- 8 March 2018 and refer to FINCA in relation to café services i.e. the provision of food and drink. These are posted by individuals from across the UK and some from abroad.
- 003, 052, 072 - 080, 082 - 089: Pages from Tripadvisor: these are dated between July 2014 – 12 Feb 2018 and which mention FINCA in relation to café service. These are posted by individuals from across the UK and also some from abroad.
- 004, 005, 007,008, 011, 013, 014, 036a – 041b, 42-45a, 059: Pages from Facebook: these are dated between 1 November 2014 – February 2018 and which mention FINCA in relation to café service, including roasting coffee. These are posted by individuals from across the UK and also some from abroad.
- 009, 054-057, 090a-g, 92a-f, 93-102: Pages from Instagram: dated from 30 August 2014, some of which are after the relevant date. They show images of FINCA cafes posted by the opponent, by other businesses and individuals from across the UK, all of which mention FINCA in relation to café services.

- 006: An invoice to FINCA dated 26 June 2014 relating to the purchase of bread totally £11.10.
- 012: An on-line publication dated 26 July 2016, which shows an image of a FINCA café and talks about the opening of a new branch in Yeovil.
- 015: A story in the Dorset Echo dated 16 November 2016 which shows a photograph of a FINCA café and mentions its inclusion in a guide to independent coffee shops for the region.
- 016a-e: Copies of pages from a publication The South West and South Wales Coffee Guide dated 2017 which mentions both the Dorchester and Yeovil cafes of the opponent and describes the café services on offer.
- 018 - 019: A company based in Liverpool mentions the Guide in exhibit 016 and suggests that people look out for copies of it in their local shop, dated November 2017.
- 020: A copy of a page from Dorset Magazine, dated 10 April 2017, which mentions FINCA as one of the best coffee shops in the region.
- 021: A copy of a page from Somerset Life magazine, dated 4 April 2017, which mentions FINCA coffee shop in Yeovil.
- 022: A copy of a page from the website of Indy Coffee Guide, dated 31 October 2016, which mentions cold brew coffee available from FINCA.
- 023-024: Pages from the South West & Wales Coffee Guide issued in 2016 which mentions FINCA and has photographs of the café.
- 025 – 031: The opponent entered into a collaboration with a brewery to produce a coffee stout. These pages are dated in 2016 and 2017 and show the stout being mentioned on the internet and offered for sale at beer festivals. The opponent is mentioned in the articles and its name is on the pump clip.

- 032a-d: A copy of a page from Food magazine dated November 2017 which mentions FINCA and also the coffee shop guide mentioned earlier in these exhibits. Also pages from Waterstones, Amazon and World of books showing the guide being offered for sale.
- 033-35: The opponent wrote an article about roasting coffee and posted it in its website in December 2016. The article was reproduced by another website and also translated into Spanish and received a number of “hits”.
- 051: A search of the Food Hygiene website covering the whole of the UK in 2018 showed only three premises trading under the name FINCA, all belonging to the opponent.

## **APPLICANT’S EVIDENCE**

10) The applicant filed a witness statement, dated 15 April 2019, by Dr Duncan Curley, the applicant’s solicitor. He contends that the opponent’s evidence only shows use in Dorchester, Poundbury (in Dorset) and Yeovil (in Somerset). He states that section 13 of the Trade Marks Act 1994 allows for a territorial limitation and that the applicant has limited its marks to exclude Dorset and Somerset.

## **OPPONENT’S EVIDENCE IN REPLY**

11) The opponent filed a second witness statement, dated 18 June 2019, by Mr Iszatt. I do not find the information provided to be of assistance to my decision.

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

## **DECISION**

13) The only ground of opposition is under Section 5(4)(a) which states as follows:

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

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

(b) [.....]

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

14) In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

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

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

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

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

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

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

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

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

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

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

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



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

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

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

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

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

43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

17) In the instant case there is no evidence that the applicant has used its mark. Therefore the relevant date must be the date of applications 9 March 2018.

## **GOODWILL**

18) I first turn to the question of goodwill, this was defined in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL):

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

19) When considering the question of goodwill I take into account the comments in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), where Pumfrey J. stated:

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

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

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

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

21) It is accepted that goodwill must be of more than a trivial nature. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

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

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

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

23) This point has been confirmed in *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

24) In the instant case the applicant does not question whether the opponent's goodwill is trivial, given the turnover figures this is hardly surprising. But it does question the extent of its goodwill. The applicant contends that as the opponent runs three cafes in Dorset and Somerset its reputation does not extend beyond these counties. It has thus applied for a geographical limitation on its applications excluding

these two counties from its registration. For its part the opponent contends that it is already known beyond the borders of the two counties in which its cafes are located and has sought to provide evidence to corroborate its claims to be known extensively in the UK.

25) The issue of localised goodwill was dealt with in *Chelsea Man Menswear Limited v Chelsea Girl Limited and Another* - [1987] RPC 189 (CA), where Dillon L.J. stated that:

“.....However, we have before us the case of plaintiffs with a strong reputation and goodwill in certain parts of the country, particularly Coventry and Oxford Street, which is faced with threats by the defendants to use the name “Chelsea Man” in all or any parts of the country in connection with the sale of men's clothing, in such a manner as is likely to mislead potential customers of the defendants and thereby to injure the plaintiffs' goodwill. Since the intended use by the defendants of the name “Chelsea Man” is nationwide, *prima facie*, it seems to me, the plaintiffs must be entitled to ask for a nationwide injunction. In my judgment, on the facts of the present case, the court would be justified in circumscribing the ambit of the injunction to narrower limits than England and Wales (which are the limits accepted by the plaintiffs) only if it were satisfied that the use by the defendants of the name “Chelsea Man” outside those limits in connection with their business *would not be likely substantially to injure the plaintiffs' goodwill*. I am far from satisfied that this is the case, for a number of reasons.

If it be assumed, for the sake of argument, that the injunction were confined to the three proposed restricted areas, it also has to be assumed that there is a live possibility, perhaps amounting to a probability, that the defendants with their large resources and wide chain of existing shops, would soon be using the name “Chelsea Man” in trading in towns close to the borders of some or all of those areas.

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

26) From the same case I note the comments of Slade L.J. who, at page 205, states:

“There is, in my judgement, no reason in fact or in law why the court, in considering the proper form of relief, should treat them as having a business of which the boundaries will necessarily be confined to the three proposed restricted areas. Immediately after the passage from the judgement of Jenkins LJ in *Brestian v Try* cited above, he continued (supra at page 170):

“Moreover, reasonable scope for the expansion of the plaintiff’s business by the opening of new branches should be allowed, and conversely the possibility of expansion by the defendant should be taken into account.””

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

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

28) The applicant referred me to the case of *Caspian Pizza and others v Maskeen Shah and another* [2015] EWHC 3567 (IPEC) where His Honour Judge Hacon stated:

“34. The claimants asserted that their goodwill associated with CASPIAN extended throughout the UK. The defendants argued that it is in the nature of small pizza outlets (as all restaurants in this case were) that customers are local and the goodwill is correspondingly very limited in geographical scope. Mr Shah’s evidence was that the Worcester Restaurant is too far from Birmingham (about 30 miles) to compete with the claimants’ restaurants even though he boasted that some friends in Birmingham preferred the Worcester Restaurant’s pizzas enough to travel to Worcester. There was no evidence from the claimants to challenge this. I find that from 1991 to the present the claimants’ goodwill associated with the trading name CASPIAN has never reached Worcester.”

29) I note that in the same case ([2017] EWCA Civ. 1874) the Court of Appeal stated:

“23. It is, I think, implicit in these provisions that opposition under s.5(4) based on earlier use of the mark does not have to be use throughout the UK or alternatively in a geographical area which overlaps with the place where the applicant for registration actually carries on business using the same or a similar mark. As the Hearing Officer explained in *SWORDERS*, the application for a national mark operates as a notional extension of the use of the mark over the whole of the country. The only requirement is that the opponent should have established goodwill in the mark over an identifiable geographical area that would qualify for protection in passing off proceedings. Reputation may be enjoyed on such a small scale that it does not generate goodwill at all: see *Knight v Beyond Properties Pty Ltd & Ors* [2007] EWHC 1251 (Ch). But goodwill which is established in a particular locality will be capable of preventing registration of a countrywide mark.”

30) I also note that in the case of *Student Union Lettings Ltd v Essex Students Lets Ltd*. [2018] EWHC 419 (IPEC) Miss Recorder Amanda Michaels stated:

“50. The impact of regional or localised goodwill is discussed at paragraphs 3-107 to 3-110 of Wadlow's "The Law of Passing Off," 5<sup>th</sup> ed. As the learned author points out, some businesses are so "inherently localised" that the geographical extent of their goodwill can be defined with reasonable precision and will be protected only to that limited extent. That was the case for the pizza restaurant business in *Caspian Pizza*, for dental surgeries in *Harding v Smilecare* [2002]

FSR 37 and a gym in *Boxing Brands v Sports Direct* [2013] EWHC 2200, [2013] ETMR 48. However, those cases are more likely to be the exception than the rule and Professor Wadlow concludes that "the courts have been reluctant to confine the claimant's remedy to a limited geographical area in all but the clearest cases, and a fairly thin spread of goodwill outside the claimant's main centre of operations is likely to suffice.

51. The Defendant relied on the UKIPO decision in *Sworders*, BL O/212/06, in which the Hearing Officer took the view that an estate agency is usually a local business with local goodwill; the Defendant argued that the same applied to the specialist localised lettings agency run by each of the parties here, and pointed out that the Claimant had described itself in the Particulars of Claim as "a lettings agent, similar to a normal High Street agency." It also pointed to the tiny share of the overall market in student lettings enjoyed by the Claimant and argued that operating a website theoretically open to all but in reality advertising a highly localised service did not automatically establish a national goodwill. Miss Jones submitted that this depended on those to whom the website is targeted, by analogy with *Argos Ltd v Argos Systems Inc* [2017] EWHC 231 (Ch), [2017] ETMR 19. Her main point, though, was that the Claimant's student customers are Leicester students, who are located in Leicester and part of that area's community, such that it is irrelevant that they come originally from other parts of the country.

52. In my judgment, in assessing the geographical scope of goodwill it is necessary to consider the facts relating to the specific business in question and to assess the degree to which persons from across England make use of or seek out a party's services. It is not sufficient simply to consider the nature of the services on offer, but to examine how the individual business trades. So, a hotel might be a large and well known undertaking drawing in and known to clients from across the UK, or could be no more than a pub or restaurant with rooms, with only local clients and goodwill. As goodwill is the "attractive force which brings in custom" (*per* Lord McNaghten in *Inland Revenue Commissioners v Muller & Co's Margarine* [1901] AC 217 at p 223) it will not always be restricted to the particular locality in which the claimant has its place of business and provides its services. For some businesses, custom may be brought in from further afield, wherever its customers may be.

53. In the light of the evidence before me, I am satisfied that the Claimant's goodwill is not limited to the Leicester area. In the UK, there is a long tradition of students going away to a university which is not located in their home town, and it is unsurprising that Mr Hill's evidence shows that the two Leicester universities have many students whose homes are elsewhere in the UK. The



Claimant's services and its marketing activities of all kinds are aimed at actual and potential students at the two universities, wherever they come from across the United Kingdom, and indeed abroad. Unlike a local estate agency, which may well (depending on the particular facts) have only a local goodwill, and target its advertising locally, the Claimant seeks and has had numerous customers from outside the Leicester area. Such students may become (or consider themselves to be) part of the local community whilst at university, in terms of taking part in local activities and even exercising their right to vote there, but that does not delimit the Claimant's goodwill. The majority of students do not sever all connection with their home town upon going to university, but return home during vacations or after graduation. The Claimant's goodwill would extend to Leicester students when they are at home, or when they have left university, as well as to their parents or others who have been involved in their choice of accommodation (perhaps as a guarantor), any of whom seeing the name SULETS used in relation to student accommodation services at another university, perhaps when applying for accommodation for a post-graduate course, or helping another person apply for accommodation, would be likely to associate the name with the Claimant. I am more doubtful as to whether the marketing activities undertaken by the Claimant up to October 2014 would have built up goodwill amongst those who had not had a connection with either of the universities which it serves in Leicester, but it does not seem to me that this precludes a finding that the Claimant had national goodwill by that date."

31) In all the above authorities the decision is based upon the facts in that particular case. In the instant case the opponent has premises in Dorchester, Poundbury and Yeovil, has achieved a substantial turnover and received publicity in magazine and guides which travel well beyond the boundaries of the counties in which the opponent is based. The applicant pointed out that circulation figures had not been provided for publications such as *Somerset Life*, *Dorset magazine* and the coffee guides referred to. It is clear that the guides are widely distributed in that a Liverpool business refers to the guide being available in local coffee shops. The opponent has also received a considerable amount of attention on social media from people posting from all parts of the UK. The applicant contended that as a number of these posts were anonymous they should be discounted, however I do not accept this contention. I do not accept that it invalidates the posts, and there was no suggestion that the opponent had posted the comments itself. To my mind, the opponent has shown that whilst it is obviously better known in the counties in which it operates, it is becoming increasingly known elsewhere in the country. This is hardly surprising given that it operates in tourist areas and that people going to these areas will sometimes research places to eat and drink whilst visiting. The applicant further contended that goodwill was "the

attractive force which brings in custom” and that no-one visited the area just to go to the opponent’s coffee shops. This might be true in so far as there is probably a limit as to how far one would travel merely to visit a cafe, but the goodwill generated by the opponent, as evidenced by the social media comments, will ensure that, once in the area, many visitors will seek out the opponent’s coffee shops based on the recommendations of others. I therefore reject the contention by the applicant that the opponent’s goodwill should be regarded as being limited to two counties.

## **MISREPRESENTATION**

32) When considering the issue of misrepresentation, I take into account the comments in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, where Morritt L.J. stated that:

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

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

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

And later in the same judgment:

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

33) In the instant case the marks applied for are identical or highly similar to that used by the opponent and is sought to be registered for services which are identical and/or similar to the café services for which the opponent has goodwill. I do not regard the stylisation in the second mark to be significant enough to differentiate it from the opponent's mark and this was not commented upon by the applicant. I note that consumers are well used to coffee shops being in chains / franchised such as Starbucks, Costa, Nero etc. and thereby seeing the same name on high streets throughout the UK. Indeed, many will seek out their favourite venue and only visit a particular chain for their refreshments. In such circumstances there would obviously be misrepresentation. This was accepted at the hearing by the applicant.

## **DAMAGE**

34) In the instant case there is no evidence that the applicant has made use of its mark. It is therefore not surprising that the opponent has not been able to show damage. In a *quia timet* action it is clearly not possible to show that damage has been suffered. In *Draper v Trist and Trisbestos Brake Linings Ltd* 56 RPC 429 Goddard L.J. stated:

“But in passing-off cases, the true basis of the action is that the passing-off by the defendant of his goods as the goods of the plaintiff injures the right of property in the plaintiff, that right of property being his right to the goodwill of his business. The law assumes, or presumes, that if the goodwill of a man's business has been interfered with by the passing-off of goods, damage results therefrom. He need not wait to show that damage has resulted, he can bring his action as soon as he can prove passing-off; because it is one of the class of cases in which the law presumes that the Plaintiff has suffered damage. It is in fact, I think, in the same category in this respect as an action for libel. We know that for written defamation a plaintiff need prove no actual damage. He proves his defamation. So, with a trader; the law has always been particularly tender to the reputation and goodwill of traders. If a trader is slandered in the way of his business, an action lies without proof of damage.”

## **CONCLUSION**

35) The opponent has shown that it has goodwill which extends beyond the immediate geographical location of its shops, and beyond the limitation to two counties sought by the applicant. There will be misrepresentation and damage and as such the ground of opposition under section 5(4)(a) succeeds in both cases.

## **COSTS**

36) The opponent has been successful in both cases. It is therefore entitled to a contribution towards its costs. The opponent provided a cost pro-forma which shows they incurred expenses of £1337 (on legal advice and IPO fees) and spent 148 hours themselves dealing with the cases. The breakdown of activities shows that the time spent is perfectly reasonable for private litigants and the costs on professional advice also very reasonable.

37) I order FINCA Liverpool Limited to pay Westbound Limited the sum of £4,149. This sum to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 31<sup>st</sup> day of October 2019**

**George W Salthouse**  
**For the Registrar,**  
**the Comptroller-General**