

O/681/19

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3327242 BY
POSITIVE CHANGES (SCOTLAND) CIC
TO REGISTER:**

grace
Chocolates changing lives

AS A TRADE MARK IN CLASS 30

AND

**IN THE MATTER OF THE OPPOSITION THERETO
UNDER NO. 414368 BY
GRACE FOODS LIMITED**

Background and pleadings

1. Positive Changes (Scotland) CIC (“the applicant”) applied to register the following trade mark in the United Kingdom on 25 July 2018:



It was accepted and published in the Trade Marks Journal on 17 August 2018 in respect of the following goods:

Class 30

Confectionery, Chocolate confectionery, chocolates.

2. The application was opposed by Grace Foods Limited (“the opponent”) on 16 November 2018. The opposition is based upon sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opposition concerns all goods in the application.
3. With regards to its claim based upon sections 5(2)(b) and 5(3) of the Act, the opponent is relying upon EU Trade Mark (EUTM) No. 1077015:



The mark was applied for on 16 February 1999 and registered on 28 March 2000 in respect of the following goods:

Class 29

Vegetables, fruit, meat, poultry, fish and seafood, all these products in the form of extracts, soups, jellies, pastes, preserves, ready-made dishes and frozen or

dehydrated preserves, as well as fresh or canned; coconut milk; coconut cream; dried prepared soup mixes, dried peas and beans; jams; eggs; milk, cheese and other food preparations having a base of milk, milk substitutes, edible oils and fats; protein preparations for food.

Class 30

Coffee and coffee extracts; coffee substitutes and extracts of coffee substitutes; tea and tea extracts; cocoa and preparations having a base of cocoa; chocolate, confectionery, sweets; sugar; bakery products, pastry; desserts, puddings; ice cream, products for the preparations of ice cream; honey and honey substitutes; rice and cereals, foodstuffs having a base of rice or other cereals; flour; cornmeal; aromatizing or seasoning products for food; mayonnaise; condiments, namely prepared sauces, brown sauces, pepper sauces, hot sauces, fruit sauces, chutney and ketchup.

Class 32

Non-alcoholic drinks, carbonated beverages, non-carbonated malt beverages, syrups, extracts and essences for making non-alcoholic beverages; fruit juices.

4. Under section 5(2)(b), the opponent claims that the marks are similar and that the goods covered by the applicant's specification are the same as, or similar to, the goods in Class 30 of the earlier mark, leading to a likelihood of confusion on the part of the public. Therefore, registration of the contested mark should be refused under section 5(2)(b) of the Act.

5. Additionally, or alternatively, the opponent claims that use of the applicant's mark without due cause would take unfair advantage of the earlier mark, as consumers would assume an association between the two parties and the applicant would thereby benefit from the opponent's reputation. The opponent also claims that use of the applicant's mark would be detrimental to the reputation and distinctive character of the earlier right. Therefore, registration of the contested mark should be refused under section 5(3) of the Act.

6. Under section 5(4)(a) of the Act, the opponent claims that use of the applicant's mark is liable to be prevented under the law of passing off, owing to its goodwill attached to the signs **GRACE**, **GRACE FOODS** and **GRACE KENNEDY**, which it claims to have used throughout the UK since 1922, in respect of the following goods: *Food and beverage*. The opponent claims that use of the applicant's mark is likely to amount to a misrepresentation in the course of trade, and that such a misrepresentation is likely to cause confusion in the minds of the public.
7. The applicant filed a defence and counterstatement, denying all the grounds. It also requested that the opponent provide evidence of proof of use of the earlier mark for all goods in Class 30 in respect of which the earlier mark is registered.
8. The opponent filed evidence in these proceedings on 12 April 2019. This will be summarised to the extent that is considered necessary. Alongside its evidence, the opponent filed written submissions.
9. Neither party requested a hearing and the applicant filed written submissions in lieu of a hearing on 14 August 2019. The parties' submissions will not be summarised but will be referred to as and where appropriate during this decision.
10. In these proceedings, the opponent is represented by Nucleus IP Limited and the applicant by CMS Cameron McKenna Nabarro Olswang LLP.
11. This decision has been taken following a careful consideration of the papers.

Evidence

12. The opponent's evidence comes from Jandan M Aliss, a Trade Mark Attorney at the opponent's representative, Nucleus IP Limited. It is dated 12 April 2019. Her witness statement is a vehicle for presenting the following exhibits:
 - Exhibit JA1, which contains the registration details for the earlier mark;

- Exhibit JA2, which contains print outs from the websites of ASDA, Iceland, Sainsbury's, Morrison's and Tesco, all showing Grace-branded products (such as soup mixes, banana chips and coconut milk powder) on sale. They were printed on 30 November 2018 and have no other date. The Exhibit also includes print outs from the UK website of Amazon obtained on 11 April 2019. These show that Grace-branded plantain chips were first available through this source on 15 February 2017, while condensed milk was first available on 23 July 2012.
- Exhibit JA3, which contains articles from trade publications, the results of Twitter and Facebook searches, and news stories from the opponent's website (www.gracefoods.co.uk), giving information on marketing activities and awards won. I shall not summarise these articles here, but will refer to them where appropriate in my decision.

Relevant dates

13. The opponent's earlier mark had been registered for more than five years on the date on which the contested application was published. It is, therefore, subject to the proof of use provisions under section 6A of the Act, and the applicant has requested such proof for the goods in Class 30, which are the only ones relied on for the purposes of the section 5(2)(b) claim. The opponent has made a statement that it has made genuine use of the marks in the EU, including the UK, in the relevant period for all of the goods upon which it is relying. The relevant period for these purposes is the five years prior to and ending on the date of publication of the contested application: 18 August 2013 to 17 August 2018. The relevant date for the purposes of assessing the claims under sections 5(2)(b) and 5(3) is the date the application was filed: 25 July 2018.
14. The relevant date for assessing if section 5(4)(a) applies has been discussed by Mr Daniel Alexander QC, sitting as the Appointed Person, in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11. In this decision, he quoted with approval the following summary of the position provided by the Hearing Officer, Mr Allan James, in *SWORDERS TM*, BL O-212-06:

“... 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.”¹

The applicant has not stated that it has used the mark before the date of the application, so I only need consider the position at this date: 25 July 2018.

Proof of Use

15. Section 6A of the Act states that:

“(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 period of five years ending with the date of publication of the application 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 –

¹ Paragraph 148.

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, 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) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Union.

(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.”

16. The case law on genuine use was summarised by Arnold J (as he then was) in *Walton International Limited v Verweij Fashion BV* [2018] EWHC 1608 (Ch):

“114. *The law with respect to genuine use.* 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* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundersvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816] [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze*

Frottierweberei GmbH v Verein Bremer Baumwollbörse [EU:C:2017:434], [2017] Bus LR 1795.

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) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].
- (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 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].
- (7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [132].”

17. The onus is on the opponent, as the proprietor of the earlier mark, to show use. Section 100 of the Act states that:

“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.”

18. As the earlier mark is an EUTM, the relevant territory in which use should be shown is, according to section 6A(5) of the Act, the EU. In the light of the judgments in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, and *TVR Automotive Ltd v OHIM*, Case T-398/13, the Registrar continues to entertain the possibility that in trade mark opposition and cancellation proceedings use of an EUTM in an area of the EU corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. Whether any use is sufficient will, of course, depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods at issue in the EU during the relevant period.

19. The goods for which the applicant has requested proof of use are as follows:

Coffee and coffee extracts; coffee substitutes and extracts of coffee substitutes; tea and tea extracts; cocoa and preparations having a base of cocoa; chocolate, confectionery, sweets; sugar; bakery products, pastry; desserts, puddings; ice cream, products for the preparations of ice cream; honey and honey substitutes; rice and cereals, foodstuffs having a base of rice or other cereals; flour; cornmeal; aromatizing or seasoning products for food; mayonnaise; condiments, namely prepared sauces, brown sauces, pepper sauces, hot sauces, fruit sauces, chutney and ketchup.

20. While the opponent has submitted evidence of goods on sale through supermarket websites, these print-outs are, as I have already noted, undated, so even where

the goods may fall within the list above (for example, instant porridge, which has the cereal base of oats) the print-outs do not in themselves provide proof of use. I note, however, that the evidence needs to be viewed as a whole and an accumulation of items may allow the necessary facts to be established: see *New Yorker SHK Jeans GmbH & Co KG v OHIM*, Case T-415/09, paragraph 53. Even so, the remaining evidence does not strengthen the case. Instant cornmeal porridge and Jamaican-style jerk BBQ sauce are mentioned in Twitter posts within the relevant period, but it is not clear where these products were purchased.² Pepper sauces appear to be sold under the “ENCONA” brand. As the image below shows, there is no indication that these are sold under the opponent’s Grace trade mark:



21. Articles in Exhibit JA3 variously state that the opponent is the UK’s leading supplier of Caribbean food,³ and that it has annual turnover in the region of £85m.⁴ There is, however, insufficient evidence to assess what proportion of this turnover can be attributed to goods bearing the earlier mark, particularly as the evidence shows that other marks are also in use.

² See Exhibit JA3, pages 36 and 37 respectively.

³ Page 3.

⁴ Exhibit Page 86-87, an extract from the website of the Hertfordshire Chamber of Commerce, advertising an event that took place on 8 August 2017.

22. Taking the evidence as a whole, I find that the opponent has not shown genuine use of the earlier mark for the Class 30 goods. As these were the only goods on which the opponent was relying for its section 5(2)(b) claim, that claim fails and I will move on to consider the section 5(3) ground, in which the opponent is relying on all the goods in respect of which the earlier mark is registered.

Decision

Section 5(3)

23. Section 5(3) of the Act states that a trade mark which is identical with or similar to an earlier trade mark

“shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community/European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark”.

24. The conditions of section 5(3) are cumulative:

- 1) The opponent must show that the earlier mark has a reputation.
- 2) The level of reputation and the similarities between the marks must be such as to cause the public to make a link between the marks.
- 3) One or more of three types of damage (unfair advantage, detriment to distinctive character or repute) will occur.

It is not necessary for the goods to be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

25. The Court of Justice of the European Union (CJEU) gave the following guidance on assessing reputation in *General Motors*:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant factors of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

26. As the earlier mark is an EUTM, the relevant territory is the European Union. Although most of the evidence relates to the UK, references are made to trade in Germany and Spain.⁵

27. The evidence states in several places that the opponent is the leading UK supplier of Caribbean food.⁶ According to an article from *Cash & Carry Management*, dated 20 April 2018, the market is worth £95 million and the opponent accounts for over 40% of this (over £38 million).⁷ This is a smaller figure than the turnover to which I have previously referred, but this is explained by the fact that the opponent sells food from other world cuisines. What is relevant for present purposes, though, is the share of the market held by the trade mark, rather than by the opponent. This is not apparent from the evidence. It has already been shown that pepper sauces are sold under the “ENCONA” brand. Other marks used are “NURISHMENT” and “DUNNS RIVER”, both of which are shown in an advert for the opponent’s Caribbean food range:⁸

⁵ Exhibit JA3, pages 2-4 and 7-8 respectively.

⁶ See, for example, Exhibit JA3, pages 3 and 13.

⁷ Exhibit JA3, page 82.

⁸ Exhibit JA3, page 80.



28. The opponent has provided evidence of marketing efforts, with advertisements, social media accounts, stands at the BBC Good Food Winter show, events associated with Caribbean Food Week, and sponsorship of the Food Blog Award at the 2016 Guild of Food Writers Awards. In particular, a £1m marketing campaign was launched in 2017 to promote the opponent's range of aloe vera water products. These were put on sale under the earlier mark.⁹
29. Nevertheless, I note that the specification of this mark contains broad terms. It is not restricted to Caribbean food. While the opponent may have a large share of that particular market, and even if all the revenue were derived from products bearing the earlier mark, it is not clear what share of the market it has for the Class

⁹ Exhibit JA3, page 85.

29 and 32 goods for which reputation is claimed. The opponent has provided no breakdown of the value of sales of specific food or drink items. Consequently, I find that the opponent has not demonstrated that the mark has a reputation for these goods.

30. The section 5(3) claim therefore fails.

Section 5(4)(a) ground

31. Section 5(4)(a) of the Act states that:

“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 or 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’.

32. It is settled law that for a successful finding of passing off, three factors must be present: goodwill, misrepresentation and damage. Her Honour Judge Melissa Clarke, sitting as deputy Judge of the High Court, conveniently summarised the essential requirements of the law in *Jadebay Limited, Noa and Nani Limited Trading as the Discount Outlet v Clarke-Coles Limited Trading as Feel Good UK* [2017] EWHC 1400 IPEC:

“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 these 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).”

33. *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.”

Goodwill

34. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages 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. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

35. The opponent submits that:

“The Opponent’s goodwill in the GRACE, GRACE FOODS and GRACE KENNEDY names arises from the longevity and goodwill associated therein in relation to the food and beverages sector. The goodwill is enhanced by the history of the Applicant’s use of the names to date.”

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

“27. There is one major problem in assessing a passing off 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.”

37. Floyd J. (as he then was) commented on these paragraphs in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat):

“[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.”¹⁰

38. There is no evidence that there is any goodwill attached to the sign **GRACE KENNEDY**. It is not used on the goods sold; neither is it mentioned in news articles, except to refer to the parent company. To my mind, a prima facie case that goodwill is associated with use of this sign has not been made.
39. Both **GRACE FOODS** and **GRACE** are used by the opponent, the former on its Facebook and Twitter accounts and in the address of its website and the latter often in the form registered as the earlier mark. The sign **GRACE FOODS** is also used in the news articles and general advertising (see, for example, the image below paragraph 27 of this decision). To find goodwill, there must be evidence of sales in the UK and although the financial information is extremely sketchy, the fact that the opponent has won the award for Premier Caribbean Food and Drink Company of the Year in *Caribbean World* magazine’s annual awards three times running,¹¹ together with market research data showing that Grace Foods UK was the top UK supplier of Caribbean food and drink in 2013 and 2016,¹² point towards the existence of at least some goodwill. I do bear in mind, though, that the market research data has been presented as footnotes to press releases, and has less probative value than the reports themselves. However, it appears to me that the

¹⁰ Paragraph 8.

¹¹ Exhibit JA3, page 13.

¹² Exhibit JA3, page 13 and pages 14-15 respectively.

opponent has a reasonable level of goodwill in a niche area of the food and beverage market, namely *Caribbean food and beverages*.

40. The extent to which the signs are distinctive of that goodwill is less clear. I have already referred to the opponent's use of other signs and brands and it is possible that products sold under those other signs are responsible for a significant proportion of the opponent's sales. The evidence is silent on this point. Taking into account the use of the sign **GRACE FOODS** on social media, which is publicly facing, and the use of **GRACE** in a figurative device on the labels of products, I find that the signs have a degree of distinctiveness but I am not persuaded that this is strong.

Misrepresentation

41. The test for misrepresentation was set out by Morritt LJ in *Neutrogena Corporation and another v Golden Limited and another* [1996] RPC 473:

"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."


42. Later in the decision, he stated:

“... 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.”

43. In the same case, Morritt LJ explained that it was the plaintiff’s customers or potential customers that must be deceived:

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

44. The mark and signs to be compared are as follows:

Signs	Applied-for mark
GRACE GRACE FOODS	

45. The signs and mark share the word “GRACE”. In the case of the signs, this is either the only content or the distinctive content as “FOODS” describes the goods that are sold. The applied-for mark is presented in purple and a chocolate brown and contains the additional phrase “Chocolates changing lives” in smaller brown

letters beneath the word “GRACE”. The opponent submits that it is “GRACE” that will catch the consumer’s eye and, taking account of the positioning and larger size of this word, I agree with this submission. I find there to be a high degree of visual similarity between the mark and the signs, and as consumers select the goods themselves from shelves or online, it is the visual element that will be most significant.

46. Aurally, I find the mark to be identical to the first of the signs and either identical or highly similar to the second, depending on whether the average consumer will pronounce the word “FOODS”. In my view, the average consumer would not verbalise the phrase “Chocolates changing lives” in the applied-for mark: the two elements do not hang together and the phrase will be seen as a strapline.

47. Conceptually, the opponent’s signs will be seen as a name (either a first name or a surname). The applicant submits that:

“Consumers will view the Applicant’s composite mark as denoting elements of forgiveness, charitable rehabilitation and life-saving, whereas the Earlier Mark [and sign] merely refers to the word ‘Grace’, or the name of a person. The average consumer’s interpretation of both marks will be different.”

48. I consider that some consumers will view the applicant’s mark in this way, but it seems to me that there will also be a larger number of consumers who think that the word refers to a name. Associating chocolates with the concept of forgiveness and rehabilitation would, to my mind, require the public to be educated to take this view. Those consumers who notice the strapline may not interpret it in the way the applicant submits. For instance, it could be interpreted as referring to raising chocolate-growing communities out of poverty. I find that for some consumers the mark will be highly similar, if not identical, to the signs, while for other consumers the mark will be conceptually different.

49. Both opponent’s and applicant’s fields of activity relate to types of food: Caribbean food and drink in the case of the opponent, and chocolates and confectionery in

the case of the applicant. I find there to be an overlap in the fields of activity. The opponent's goodwill would extend to the sale of chocolate and confectionery from the Caribbean.

50. In my view, the mark is so visually similar to the signs that a significant proportion of the opponent's customers will assume a connection and therefore will be misled as to the origin of the goods. I find there to be misrepresentation.

Damage

51. In *Harrods Limited v Harrodian School Limited* [1996] RPC 697, Millett LJ described the requirements for damage in passing off cases as follows:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.”

52. Given the overlapping nature of the respective fields of activity, it is my view that damage in the form of lost sales is foreseeable. Consequently I find that use of the applicant's mark at the relevant date was liable to be restrained under the law of passing off. The opposition succeeds under section 5(4)(a) of the Act.

Conclusion

53. The opposition has succeeded. The application by Positive Changes (Scotland) CIC is refused.

Costs

54. The opponent has been successful and is entitled to a contribution to its costs, in line with the scale set out in Tribunal Practice Notice 2/2016. In the circumstances, I award the opponent the sum of £1500, which is calculated as follows:

Official fee for filing the notice of opposition: £200

Preparing a statement and considering the other side's statement: £300

Preparing evidence: £700

Preparing written submissions: £300

TOTAL: £1500

55. I therefore order Positive Changes (CIC) Scotland to pay Grace Foods Limited the sum of £1500. This sum should be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 6th day of November 2019

Clare Boucher

For the Registrar,

Comptroller-General