

O-548-16

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3133739
BY GREYSTAR EUROPE HOLDINGS LTD**

TO REGISTER THE TRADE MARK:

CHAPTER

IN CLASSES 36 AND 37

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 406100 BY NEW LIGHT HOTELS LIMITED**

Background and pleadings

1. On 28 October 2015, Greystar Europe Holdings Ltd (“the applicant”) applied to register the trade mark **CHAPTER** for a range of services in classes 36, 37 and 41. The specification has been subject to a series of amendments since the date of filing. It now reads as follows:

Class 36 Rental and leasing of building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings and shopping centres; assessment and management of real estate; rental property management; real estate acquisition services; real estate consulting services; real estate funds investment services; real estate insurance underwriting services; real estate investment services; real estate management consultation; real estate procurement for others; financial investment in the field of multifamily real estate; financial due diligence services in the field of real estate; providing real estate listings and real estate information via the Internet; information, advisory and consultancy services relating to all the aforesaid services; all the aforesaid services also provided online, from a computer database, via the Internet, via mobile telephone and via other means of communication.

Class 37 Real estate development services; real estate development and construction of hotel properties, building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings and shopping centres; repair and maintenance services relating to hotels properties, building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings, shopping centres and parking structures;. cleaning services; information, advisory and consultancy services relating to all the aforesaid services; all the aforesaid services also provided online, from a computer database, via the Internet, via mobile telephone and via other means of communication.

2. The application was published for opposition purposes on 20 November 2015. It is opposed by New Light Hotels Limited (“the opponent”). The opposition, which is based upon sections 5(1), 5(2)(a), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”), is directed against all of the services in the application.

3. Under sections 5(1), 5(2)(a) and 5(3), the opponent relies upon its European Union trade mark (“EUTM”) registration no. 8468332 for the trade mark **CHAPTER**, applied for on 3 August 2009 and for which the registration procedure was completed on 31 January 2010.

4. Given its date of filing, the opponent’s mark qualifies as an earlier mark in accordance with section 6 of the Act. The opponent relies upon all of the goods and services for which the earlier mark is registered, namely:

Class 16 Printed matter; printed publications; magazines; newsletters; brochures; pamphlets; leaflets; printed advertising and promotional material; holiday brochures; stationery; writing instruments; travel guides in the form of printed matter.

Class 41 Education; providing of training; entertainment; sporting and cultural activities; amusement and recreational services; arranging and conducting of conferences, congresses, seminars, symposiums and workshops; booking of seats for shows, providing casino and gaming facilities and services; discotheque and nightclub services, cabarets, musicals and concert events; presentation of live performances; health and fitness club services; provision of sporting and leisure facilities; provision of hospitality services.

Class 43 Services for providing food and drink; temporary accommodation; hotel and motel services; restaurant, catering, cafeteria, canteen, cafe, bar and coffee shop services; reservation services; provision of conference and

meeting facilities and amenities; provision of exhibition facilities; provision of banqueting facilities; reservation services for hotel accommodation and other accommodation; appraisal and grading of tourist accommodation; letting of and reservation of tourist accommodation; tourist agency and tourist office services for booking accommodation; providing facilities for conferences, congresses, seminars, symposiums and workshops.

Class 44 Hygienic and beauty care for human beings; health and beauty care services; health farm services (medical); spas; health spa services; hairdressing salons; manicuring services; massage services; sauna services; physiotherapy services; solarium services.

5. The opponent stated in its Notice of Opposition that it has used its mark in relation to all of the goods and services relied upon. This statement is made because the earlier mark is subject to the proof of use provisions contained in section 6A of the Act.

6. The opponent claims that there is a likelihood of confusion because the marks are identical and because the goods and services are similar. It claims that any difference between the goods and services will be offset by the identity of the marks.

7. Further, the opponent claims that the earlier mark has a reputation for the registered goods and services and that use of the applicant's mark would, without due cause, take unfair advantage of the reputation of the earlier mark and/or be detrimental to its distinctive character. The opponent claims that the applicant would "unjustly benefit from the unwarranted association with the Opponent's Earlier Mark and substantial reputation". In particular, the opponent claims that:

- The applicant would gain an unfair advantage by riding on the coattails of the opponent's mark and "gain the benefits associated with a reputed and distinctive mark without the associated costs of developing or maintaining such a reputation";

- The use of the mark applied for may tarnish the reputation of the earlier mark if the services provided are of lower quality;
- The distinctiveness of the earlier mark may be eroded by the applicant's use of the mark, making it less likely that consumers will purchase the opponent's goods and services.

8. The opponent also claims that it has acquired goodwill under the sign CHAPTER as a result of the use of that sign throughout the UK since November 2010. The goods and services in relation to which the opponent claims to have used the sign are identical to those of its registered mark, listed at paragraph 4, above. According to the opponent, use of the applicant's mark would amount to a misrepresentation to the public, which would be likely to damage the goodwill in the opponent's business by diverting sales, tarnishing its reputation or eroding the distinctiveness of the earlier mark.

9. The applicant filed a counterstatement denying the grounds of opposition and putting the opponent to proof of the use and reputation of the earlier mark, and of its goodwill under the sign CHAPTER. There is a slight inconsistency in the applicant's request for evidence of use. The applicant indicated that it wished the opponent to provide evidence "in relation to the terms covered by its Earlier Mark" but, in its counterstatement, "solarium services", the last service in class 44, was omitted. Bearing in mind that the opponent states that its evidence shows use of its mark "in respect of the goods and services covered by EUTM Registration No. 8468332 CHAPTER on which the opposition is based",¹ I proceed on the basis that the opponent understood the request as a request for evidence of use for all of the goods and services relied upon. According to section 6A of the Act, the relevant period in which genuine use must be established is the five-year period ending on the date of publication of the applied for mark. The relevant period is, therefore, 21 November 2010 to 20 November 2015.

10. Both sides seek an award of costs.

¹ Witness statement of Joel McDonald, paragraph 3.

11. Both parties have been professionally represented throughout, the applicant by Lewis Silkin LLP, the opponent by Fieldfisher LLP. Only the opponent filed evidence. I have read all of the evidence carefully; I will summarise it only to the extent that I consider necessary.

12. No hearing was requested and neither party filed written submissions in lieu, although the applicant filed written submissions during the evidence rounds, which I will refer to as I consider necessary. This decision is taken following a careful reading of the papers.

Evidence

Opponent's evidence

13. This consists of the witness statement of Joel McDonald, with two exhibits. Mr McDonald is a trade mark attorney at Fieldfisher LLP, the opponent's representatives.

14. Exhibit JM1 consists of eleven prints of the opponent's website, www.chapterhotels.com, taken from the Wayback Machine. The prints are dated between 16 January 2013 and 28 September 2015. All of the prints show the words "CHAPTER® HOTELS" at the top left of the page, underneath which are the words "Welcome to Chapter Hotels". All bear what appear to be links entitled "Chapter Hotels" and have a "book a room" button or link visible on the page. The remaining text is not particularly clear but on all but one of the prints there appear to be references to the "Montpellier Chapter" and the "Magdalen Chapter" hotels.

15. Exhibit JM2 consists of copies of the annual reports and financial statements of the opponent for the years ending 31 December 2012 and 31 December 2013, along with the directors' report and financial statements for the year ending 31 December 2014. All of the reports identify the opponent's principal activity as "hotel and restaurant

developers and operators”.² The reports state that the company’s turnover arose within the UK and that it is wholly attributable to the principal activity of the company.³ The 2013 report indicates that sales in 2013 for the opponent’s hotel in Exeter, the Magdalen Chapter, totalled £3.4m, while in 2012 that hotel had achieved sales worth £1.4m.⁴ The report states that the turnover associated with the company’s Cheltenham hotel, the Montpellier Chapter, was £3.8m, an increase on the £3.0m achieved in 2012.⁵ The 2014 report indicates that revenue for the Magdalen Chapter hotel increased 6.6% on 2013 figures but that sales for the Montpellier Chapter fell 10% compared with 2013.⁶ The 2014 report gives percentage increases for room occupancy rates and average room rates against the 2013 period but no actual figures are provided.

Proof of use

16. The first issue is whether, or to what extent, the opponent has shown genuine use of the earlier mark. The relevant statutory provisions are as follows:

“Raising of relative grounds in opposition proceedings in case of non-use

6A- (1) This section applies where -

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

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

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

² 2012 report, p. 1; 2013 report, p. 2; 2014 report, p. 2.

³ p. 10 (2012), p. 11 (2013) and p. 9 (2014).

⁴ 2013 report, p. 1.

⁵ *Ibid.*

⁶ p. 1.

(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 -

(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 Community 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 Community.

(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”.

17. Section 100 of the Act is also relevant, which reads:

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

18. When considering whether genuine use has been shown, I must apply the same factors as if I were determining an application for revocation based on grounds of non-use. What constitutes genuine use has been subject to a number of judgments. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52 (“*London Taxi*”), Arnold J. summarised the case law on genuine use of trade marks. He said:

“219. I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bundesvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, 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]; *Centrotherm* at [71]; *Leno* 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]; *Centrotherm* at [71]; *Leno* at [29].

(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]. 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].

(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]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(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]; *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 [32]”.

19. The correct approach to assessing the evidence is to view the picture as a whole, including whether individual exhibits corroborate each other.⁷

20. As the opponent’s mark is an EUTM, the comments of the Court of Justice of the European Union (“CJEU”) in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, are relevant. It noted that:

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

And

⁷ See the comments of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *Brandconcern BV v Scooters India Limited* (“*Lambretta*”) BL O/065/14.

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

And

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

21. The court held that:

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

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

22. In *London Taxi*, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

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

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

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

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

23. In *Nike Innovate CV v Intermar Simanto* ("JUMPMAN", BL O/222/16), Daniel Alexander, Q.C., sitting as the Appointed Person, considered these comments. He said:

"51. Although I too have reservations in commenting on the *Sofa Workshop* decision for the same reasons as given in that judgment, I also prefer Arnold J's account of *Leno* to the formulation in the *Sofa Workshop* case.

52. First, the formulation in *London Taxi Company* accords well with the general approach of the CJEU in this area, which has not hitherto been to lay down particularly prescriptive guidance stating that a given factor, geographical or otherwise, is to be regarded as decisive or even of particular weight.

53. Second, the term “multifactorial assessment” is apt to describe the approach the CJEU has laid down in this area.

54. Third, the formulation fits well with the summary of the approach provided by the General Court in *TVR Automotive v OHMI – TVR Italia (TVR ITALIA)* [2015] EUECJ T-398/13 in a judgment published shortly before the hearing of the present appeal. [Paragraphs 44-46 of the judgment are cited].

24. It is clear from the above guidance that the assessment of genuine use is a multifactorial assessment and that, when considering the use of an EUTM, the geographical extent of the use shown is an appropriate factor to take into consideration. Just as there is no rule of law which says that proof of use which would satisfy the use requirements for a national mark will always satisfy use requirements for an EUTM, equally there is no rule of law which says that genuine use proven only in a single member state will never be sufficient to meet the requirements of use for an EUTM.

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

- i. The scale and frequency of the use shown
- ii. The nature of the use shown
- iii. The goods and services for which use has been shown

- iv. The nature of those goods/services and the market(s) for them
- v. The geographical extent of the use shown

26. In *Awareness Limited v Plymouth City Council*, Case BL O/230/13, Mr Daniel Alexander Q.C. as the Appointed Person stated that:

“22. The burden lies on the registered proprietor to prove use [...]. However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public”,

and further, at paragraph 28:

“28. [...] I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as “tuition services”, is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to “tuition services” even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been narrow, why a broader category is nonetheless appropriate for

the specification. Broad statements purporting to verify use over a wide range by reference to the wording of a trade mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted”.

27. The applicant submits that the opponent’s evidence is insufficient to show genuine use of the mark in the relevant period. In particular, the applicant criticises the nature of the evidence provided, arguing that documents such as invoices and brochures are required to demonstrate genuine use and that this material should have been available to the opponent. The applicant also questions whether the use shown is use of the mark as registered, since the individual hotels are referred to as the Magdalen Chapter and the Montpellier Chapter. It complains that, when trying to access the website www.chapterhotels.com on 13 September 2016, it was redirected to another website. The latter is not a good point: the opponent is required to show use in the relevant period and its subsequent website offering is of no relevance.

28. The opponent’s evidence is, however, not well presented. Only the 2013 annual report provides exact figures for the sales and turnover relating to two of the opponent’s hotels, figures which are repeated but neither explained nor expanded upon by Mr McDonald.⁸ Although the annual reports indicate that the opponent owns four hotels, it is not clear whether all four are marketed under the earlier mark, or whether the use of the mark is restricted to the Magdalen Chapter and Montpellier Chapter hotels. The website prints appear to indicate that only those two hotels are promoted via www.chapterhotels.com under the earlier mark. The only evidence showing exposure of the mark to the relevant market is in the website prints at exhibit JM1.

29. I also note that there is no attempt to break down the sales and turnover figures into the different areas covered by the opponent’s “principal activity”. However, while the lack of a breakdown of the figures is unhelpful, it is reasonably clear from the evidence that the opponent’s business consists of its four hotels. These are the primary focus of

⁸ Paragraph 5.

the annual reports, which, despite references to restaurant development and operation, contain no details of any restaurants. The evidence shows sales in one hotel (the Montpellier Chapter) of at least £3m per year for three years and, in another hotel (the Montpellier Chapter), sales of £1.4m in 2012, followed by sales in excess of £3m in 2013 and 2014. All of these fall within the relevant period. While bearing in mind the deficiencies in the opponent's evidence, it seems more likely than not, taking the evidence in the round, that the majority of the revenue is in relation to the opponent's hotel business. Although the website itself has an international domain name, the opponent's hotels appear to be located in the UK and the evidence at JM2 explicitly confirms that all of the opponent's revenue is generated in the UK.⁹ No information has been provided about the size of the relevant EU market but it is likely to be considerable. Even though the geographical spread of the use shown is small, the use has been in at least two locations in the UK. In addition, the nature of hotel services is such that they are likely to be used by individuals from outside those locations. Adopting the multifactorial assessment described above, I conclude that there have been sales sufficient to constitute genuine use in the relevant period.

30. As far as the form in which the mark has been used is concerned, there is clear evidence that the opponent has used the mark "CHAPTER" on its website in the relevant period, in the combination "CHAPTER® HOTELS" and "Chapter Hotels". The registered trade mark symbol in "CHAPTER® HOTELS" would be perceived as indicating simply that the word "CHAPTER" is a registered trade mark and the symbol would be given no trade mark significance. The word "HOTELS"/ "Hotels" is also likely to be considered non-distinctive, being indicative of subject matter (e.g. for printed matter) or the nature or location of the services provided (e.g. health spa services). While the mark is registered in upper case, the use in the form "Chapter" falls within fair and notional use, which would permit the use of title case. The use of "Chapter" is, from this perspective, acceptable. I find that the use as shown is use of the mark as registered, upon which the opponent is entitled to rely. As a consequence, there is no

⁹ See fn. 3, above.

need for me to consider whether the other uses of the mark on the website prints would constitute use in the form as registered or use as acceptable variants of that mark.

Fair specification

31. The next step is to decide whether the opponent's use entitles it to rely on all of the goods and services for which it is registered. In *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220, Kitchen L.J. (with whom Underhill L.J. agreed) set out the correct approach for devising a fair specification where the mark has not been used for all the goods/services for which it is registered. He said:

“63. The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services. This I understand to be the approach adopted by this court in the earlier cases of *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2002] EWCA Civ 1828, [2003] RPC 32; and in *West v Fuller Smith & Turner plc* [2003] EWCA Civ 48, [2003] FSR 44. To my mind a very helpful exposition was provided by Jacob J (as he then was) in *ANIMAL Trade Mark* [2003] EWHC 1589 (Ch); [2004] FSR 19. He said at paragraph [20]:

“... I do not think there is anything technical about this: the consumer is not expected to think in a pernickety way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. ... Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the

identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods – are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made".

64. Importantly, Jacob J there explained and I would respectfully agree that the court must form a value judgment as to the appropriate specification having regard to the use which has been made. But I would add that, in doing so, regard must also be had to the guidance given by the General Court in the later cases to which I have referred. Accordingly I believe the approach to be adopted is, in essence, a relatively simple one. The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.

65. It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider belong to the same group or category as those for

which the mark has been used and which are not in substance different from them. But conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly. In my judgment it also follows that a proprietor cannot derive any real assistance from the, at times, broad terminology of the Nice Classification or from the fact that he may have secured a registration for a wide range of goods or services which are described in general terms. To the contrary, the purpose of the provision is to ensure that protection is only afforded to marks which have actually been used or, put another way, that marks are actually used for the goods or services for which they are registered”.

32. The only evidence showing the mark in use is on the website prints at JM1, where the opponent’s hotels are advertised and there is a facility for customers to book a room. I am satisfied that the mark has been used in relation to hotel services. No evidence has been provided to show the opponent’s mark in use on or in relation to any of the remaining goods or services in the opponent’s registration. It seems to me that the operation of hotels, including the ability to book rooms at the company’s own hotels, would be considered to be “hotel services” by the average consumer. Consequently, a fair specification for the services is “hotel services” (in Class 43) and it is these services upon which the opponent may rely.

Sections 5(1) and 5(2)(a)

33. Sections 5(1) and 5(2)(a) of the Act read as follows:

“5. - (1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

(2) A trade mark shall not be registered if because –

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

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

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

34. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P. Although some of these principles relate to section 5(2)(b), I include them to show the interdependency of the various elements in the assessment of a likelihood of confusion.

The principles:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the

imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

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

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Identity of trade marks

35. It is a prerequisite of both sections 5(1) and 5(2)(a) that the trade marks are identical. There is, sensibly, no dispute about this.¹⁰ The marks are identical.

Comparison of services

36. When making the comparison, all relevant factors relating to the services in the specification should be taken into account. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*, the CJEU stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

37. Guidance on this issue has also come from Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

- a) The respective users of the respective goods or services;
- b) The physical nature of the goods or acts of services;

¹⁰ See the applicant’s submissions, paragraph 4.2.

- c) The respective trade channels through which the goods or services reach the market;
- d) In the case of self serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- e) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

38. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods and services. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the GC stated that “complementary” means:

“...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.

39. In *Sanco SA v OHIM*, Case T-249/11, the General Court indicated that goods and services may be regarded as ‘complementary’ and therefore similar to a degree in circumstances where the nature and purpose of the respective goods and services are very different, i.e. *chicken* against *transport services for chickens*. The purpose of examining whether there is a complementary relationship between goods/services is to assess whether the relevant public are liable to believe that responsibility for the goods/services lies with the same undertaking or with economically connected

undertakings. As Mr Daniel Alexander Q.C. noted as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited* BL-0-255-13:

“It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes.”

Whilst on the other hand:

“.....it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together”.

40. In addition, I bear in mind the guidance given by Mr Daniel Alexander QC, sitting as the Appointed Person, in case BL O/255/13 *LOVE* where he warned against applying too rigid a test when considering complementarity:

“20. In my judgment, the reference to “legal definition” suggests almost that the guidance in Boston is providing an alternative quasi-statutory approach to evaluating similarity, which I do not consider to be warranted. It is undoubtedly right to stress the importance of the fact that customers may think that responsibility for the goods lies with the same undertaking. However, it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together. I therefore think that in this respect, the Hearing Officer was taking too rigid an approach to Boston”.

41. I also remind myself of the guidance given by the courts on the correct approach to the interpretation of specifications. In *YouView TV Ltd v Total Ltd*, [2012] EWHC 3158 (Ch), Floyd J. (as he then was) stated that:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question".

42. In *Avnet Incorporated v Isoact Limited*, [1998] F.S.R. 16, Jacob J. (as he then was) warned against construing specifications for services too widely, stating that:

"In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase".

43. For the purposes of considering the issue of similarity of goods and services, it is permissible to consider groups of terms collectively where they are sufficiently comparable to be assessed in essentially the same way and for the same reasons (see *Separode Trade Mark* BL O/399/10 and *BVBA Management, Training en Consultancy v. Benelux-Merkenbureau* [2007] ETMR 35 at paragraphs [30] to [38]).

44. The opponent has not commented on the similarity of the services at any length, simply stating in its notice of opposition that the services in classes 36 and 37 are "similar and/or complementary to the services of the earlier mark in class 43".¹¹

¹¹ Paragraph 4.

According to the applicant, that there is no similarity between the services applied for in classes 36 and 37 and the opponent's services. It offers a range of reasons in support of its case, including that the applicant's services are business to business services, while the opponent's services involve business to consumer transactions.¹²

Class 36

Rental and leasing of building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings and shopping centres; management of real estate; rental property management.

45. All of these services are real estate services involving the management of property, on behalf of a landlord, and the provision of property to a third party, usually in exchange for the payment of rent. There is some similarity of purpose with the opponent's "hotel services", at a very superficial level, to the extent that both involve property provided to a third party. However, hotel services generally involve accommodation offered by the room, usually for business or vacation purposes. The applicant's services are concerned with the long-term rental and leasing of entire properties or collections of properties. Some (for example, office buildings and shopping centres) are clearly commercial, for which the users will be different. At a high level of generality there may be some overlap in users, for example because members of the general public using hotel services may also wish to rent out or lease residential property. However, I consider that any similarity in this regard is insufficiently pronounced to give rise to overall similarity between the services. The nature of the services is different and they are not complementary in the sense defined in the case law. They are also unlikely to be in competition and do not share the same channels of trade. They are not similar.

¹² Paragraph 4.3.

Assessment of real estate; real estate consulting services; real estate management consultation.

46. The applicant's assessment and consultation services involve the provision of advice and information to a third party regarding real estate. That would include, for example, assessment of potential purchase costs and development prospects. I can see no meaningful similarity with the nature or purpose of the opponent's "hotel services". The applicant's services are most likely to be used by professionals, such as professional landlords and developers, while the users of hotel services will be members of the public. The channels of trade differ and there is neither a competitive nor a complementary relationship between the services at issue. The services are not similar.

Real estate acquisition services; real estate funds investment services; real estate insurance underwriting services; real estate investment services; real estate procurement for others; financial investment in the field of multifamily real estate; financial due diligence services in the field of real estate.

47. All of these services are financial in nature, albeit in relation to real estate. Their purpose regards financial management, risk and investment, which is different from the purpose of the opponent's "hotel services". The services at issue have neither nature nor channels of trade in common and their users differ. The services are not in competition, nor are they complementary. These services are not similar.

Providing real estate listings and real estate information via the Internet.

48. These services are concerned with the provision of information online about a third party's property. Whilst I accept that a hotel will provide information about its accommodation online, usually details of room rates and availability, this is a facility provided to potential guests directly by the hotel as an ancillary part of its hotel services rather than as the core purpose of the services. The intended purpose and nature of the

services are different. The users of the applicant's services are most likely to be property owners, or potential buyers or lessees. There is likely to be a greater degree of overlap in the users than for the other services in class 36 of the application but it remains at a high level of generality and is not, in my view, sufficient to result in overall similarity between the services, which are neither in competition nor complementary. The services are not similar.

Information, advisory and consultancy services relating to all the aforesaid services; all the aforesaid services also provided online, from a computer database, via the Internet, via mobile telephone and via other means of communication.

49. I have found that none of the applicant's services is similar to those of the opponent. It follows that the information, advisory and consultancy services related to the applicant's activities, whatever their method of delivery, are a step further removed from the opponent's services. There is no similarity between these services and those of the opponent.

Class 37

Real estate development services; real estate development and construction of hotel properties, building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings and shopping centres.

50. I can see no meaningful similarity between these services and those of the opponent. They differ in nature and purpose. I accept that hotel proprietors may undertake development of hotels but that is not the core meaning of the term "hotel services". The users of the services applied for are likely to be professionals, such as hotel proprietors or professional landlords, while the users of the opponent's services will be members of the public. I accept that a hotelier may wish to use the services of a real estate developer. However, this is not a complementary relationship as defined in

the case law. The services at issue will arrive on the market through different channels of trade and are not in competition. These services are not similar.

Repair and maintenance services relating to hotels properties, building complexes, residential buildings and properties, housing estates, commercial buildings, office buildings, shopping centres and parking structures;. cleaning services.

51. These services are concerned with the upkeep of property, a purpose not similar to that of the opponent's services. The nature of the services will differ. The users are not likely to overlap and the services do not share the same method of use. They are not in competition and they are not complementary. The services are not similar.

Information, advisory and consultancy services relating to all the aforesaid services; all the aforesaid services also provided online, from a computer database, via the Internet, via mobile telephone and via other means of communication.

52. For the same reasons given above, having found no similarity between the services, I find that there is no similarity between these services and the services of the opponent.

53. I have found that there is no similarity between the services applied for and the "hotel services" upon which the opponent has proven genuine use. Section 5(1) requires that the services be identical. **As the services are not identical, the opposition under section 5(1) is hereby dismissed.**

54. There must be some similarity between the services in order for there to be a likelihood of confusion under section 5(2)(a).¹³ **In view of my findings, above, that there is no similarity between the services at issue, the opposition based upon section 5(2)(a) is also dismissed.**

¹³ If the goods/services are not similar, there can be no likelihood of confusion. See, for example, *Waterford Wedgwood plc v OHIM*, C-398/07 P (CJEU).

Section 5(3)

55. Section 5(3) states:

“(3) A trade mark which-

(a) 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 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”.

56. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows:

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*.

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

Reputation

57. As is clear from the case law cited above, the earlier mark must be known by "a significant part" of the relevant public for the services relied upon in order to qualify for protection under this ground. Although the sales and turnover figures provided by the opponent are not insignificant, they are the only evidence I have of the scale of the opponent's business. There is no evidence of market share and the use of the mark appears to be restricted to two hotels, one in Exeter and one in Cheltenham. There is no other evidence showing the geographical reach of the business and, while the website is available to consumers globally, there is nothing to indicate, for example, advertising efforts made by the opponent to generate a reputation. I do not consider that the opponent has shown that its earlier mark benefits from a reputation among a significant part of the relevant public. The opposition under section 5(3) falls at the first hurdle and is dismissed accordingly.

Section 5(4)(a)

58. Section 5(4)(a) states:

“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”.

General principles

59. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“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;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the 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.

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 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".

60. 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:

"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

61. I bear in mind the following guidance from the House of Lords 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”.

62. 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”.

63. 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”.¹⁴

64. In terms of what is required to establish goodwill, I note that in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

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

¹⁴ See also: *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)

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”.

65. 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”.

66. The applicant does not accept that any goodwill has been shown by the opponent. As the applicant has not claimed any use prior to the date on which the application was filed, the relevant date by which the opponent must show it had a protectable goodwill is 28 October 2015.

67. It is clear that the opponent's revenue is all generated in the UK, where it operates at least two hotels associated with the sign. Evidence of sales has only been provided for the financial years ending 31 December 2012, 2013 and 2014. While it would have been better to have evidence covering the whole period, the turnover figures given are not negligible and show a consistent level of sales. The website prints, although dated

between January 2013 and September 2015, show use of the sign in relation to hotel services. Again, while there is no direct evidence of trading as at the relevant date, the latest website image precedes the relevant date by only one month and Mr McDonald explains that there are no 2015 turnover figures because “the Full Accounts for the year ended 31 December 2015 have not yet been published”.¹⁵ My finding is that as at 28 October 2015 the opponent had a goodwill in the UK which is associated with the sign “CHAPTER” protectable under the law of passing off. However, in the absence of evidence to show any promotion of the mark or the extent of the goodwill, and given that the hotels are located in provincial towns and cities, it is likely that the goodwill is of a relatively low level.

Misrepresentation

68. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

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

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

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

¹⁵ Paragraph 4.

And later in the same judgment:

“477 [...] 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”.

69. I keep in mind that mark and the sign are identical. The sign, being neither descriptive nor non-distinctive but a dictionary word not associated with hotel services, is also averagely distinctive. However, the application covers a range of real estate and property services, from management and investment services to property development services, while the opponent's goodwill is contained in its hotel business. My findings, above, regarding the lack of any meaningful similarity between the services are applicable here. I note that the absence of a common field of activity is not fatal to a claim of passing off; however, nor is it irrelevant.¹⁶ The parties' services are provided in distinct fields and it is not, to my knowledge, common practice for the same business to offer hotel services and the services applied for. For the purposes of passing-off law, it is not sufficient if the public merely wonders whether or not the applicant's “CHAPTER” services are connected with the opponent. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Mr Iain Purvis QC, as a Recorder of the Court stated that:

“54. Mr Aikens stressed in his argument the difference between ‘mere wondering’ on the part of a consumer as to a trade connection and an actual assumption of such a connection. In *Phones 4U Ltd v Phone 4U.co.uk*

¹⁶ *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA) at 714.

Internet Ltd [2007] RPC 5 at 16–7 Jacob LJ stressed that the former was not sufficient for passing off. He concluded at 17:

‘This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former’.

70. Taking all of the above into account, I do not consider that a substantial number of the opponent’s customers or potential customers would have been deceived or misled into believing or assuming that the opponent was responsible for the applied-for services sold under the mark “CHAPTER”. Consequently, use of that mark by the applicant would not have amounted to a misrepresentation to the public. The section 5(4)(a) ground fails accordingly.

Conclusion

71. The opposition has failed. Subject to appeal, the application will proceed to registration.

Costs

72. As the applicant has been successful, it is entitled to a contribution towards its costs. Only the opponent filed evidence, which is reflected in the award. Awards of costs are governed by Annex A of Tribunal Practice Notice (“TPN”) 4 of 2007. Using that TPN as a guide, I award costs to the opponent on the following basis:

Considering the Notice of Opposition and filing a counterstatement:	£200
Considering the other party’s evidence:	£250

Written submissions: £300

Total: £750

73. I order New Light Hotels Limited to pay Greystar Europe Holdings Ltd the sum of **£750**. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 22nd day of November 2016

Heather Harrison

For the Registrar

The Comptroller-General