

O/259/18

TRADE MARKS ACT 1994

**TRADE MARK APPLICATION 3207907
BY STEELITE INTERNATIONAL LIMITED**

AND

OPPOSITION 409168 BY DENBY BRANDS LIMITED

AND

**TRADE MARK APPLICATIONS 3214877 & 3223455
BY DENBY BRANDS LIMITED**

AND

OPPOSITIONS 409253 AND 409248

BY

STEELITE INTERNATIONAL LIMITED

Background and pleadings

1. This is a cross opposition between Steelite International Limited (“SIL”) and Denby Brands Limited (“Denby”). On 20th January 2017 (“the first relevant date”) SIL applied to register CRAFT as a trade mark in class 21 in relation to:

“Household utensils; pottery, glassware, ceramics, porcelain and earthenware; articles of crockery; tableware, other than knives, forks and spoons, tableware of plastics; table ware of wood; tableware of metal; and trenchers for serving or presenting food; coffee pots; tea pots; decanters; plant containers, vases, ornaments of pottery, glass, ceramics, porcelain, or earthenware; candlesticks.”

2. On 24th February 2017 (“the second relevant date”), Denby applied to register CRAFT and DENBY CRAFT as trade marks in class 21 in relation to:

“Household, kitchen and bathroom utensils and containers; tableware; ovenware; ornamental articles, models, figurines (statuettes), all made of China bone, china, ceramics, glass, cut glass, earthenware, crystal, porcelain and terracotta; vases; coasters; glassware; chinaware; pottery; porcelain; earthenware.

3. On 6th April 2017 (“the third relevant date”), Denby applied to register STUDIO CRAFT as a trade mark for the same goods in class 21 and the following services in class 35.

“Retail and wholesale services connected with the sale of lighting apparatus, lamps and lamp bases, wall and floor tiles, household, kitchen and bathroom utensils and containers, kitchen and bathroom textile articles, kitchenware and ovenware, tableware, glassware, chinaware, pottery, porcelain, earthenware, stoneware, cookware, cutlery, and household textile articles; all the aforesaid being provided via mail order, television, telephone, internet and factory shop.”

4. Denby opposes SIL's application on grounds based on sections 3(1)(b),(c) & (d) of the Trade Marks Act 1994 ("the Act"). In short, Denby claims that CRAFT (i) describes a characteristic of the goods covered by SIL's application, (ii) is customary in the current language or in the *bona fide* and established practices of the trade, and (iii) is devoid of any distinctive character. At the core of these objections is Denby's claim that: "*The word 'Craft' is descriptive of goods that are made by hand or crafted.*"

5. SIL opposes Denby's applications on grounds based on sections 5(1),(2),(3) & (4)(a) of the Act. The oppositions are directed at all the goods in class 21 and (in the case of the application to register STUDIO CRAFT) the following services in class 35:

"Retail and wholesale services connected with the sale of household, kitchen and bathroom utensils and containers, kitchenware and ovenware, tableware, glassware, chinaware, pottery, porcelain, earthenware, stoneware, cookware; All the aforesaid being provided via mail order, television, telephone, Internet and factory shop in class 35."

6. In short, SIL claims that the use of Denby's trade marks in relation to the opposed goods/services would infringe its rights in (i) the earlier filed UK trade mark (CRAFT) described in paragraph 1 above, (ii) earlier EU trade mark 16270209 (also CRAFT) filed on 20th January 2017 (and registered on 18th April 2018) in relation to similar goods to those covered by SIL's UK application, and (iii) SIL's claimed common law rights under the law of passing off as a result of its use of CRAFT in the UK, EU and elsewhere since April 2012 in relation to:

"Pottery, ceramics, earthenware: articles of crockery; tableware; ovenware, oven to tableware, serving dishes; serving platters; plates, for serving or presenting food; tea pots; decanters; vases."

7. SIL further opposes Denby's applications under s.3(6) of the Act on the grounds that they were filed in bad faith. The rationale for this claim is as follows:

“...the CRAFT Range of products produced by the Opponent will have been well known to the Applicant well before their adoption and launch of [CRAFT/DENBY CRAFT/STUDIO CRAFT in 2017]. The Opposed Application was thus made in bad faith because the Applicant knew that CRAFT was a trade mark of the Opponent.”

8. SIL filed a counterstatement denying the absolute grounds of opposition to its application to register CRAFT. SIL claims to have made extensive use of the mark in the UK (and on the export market) since 2012. Therefore, if the mark is found to be *prima facie* contrary to s.3(1)(b),(c) and /or (d) of the Act, SIL says it has acquired a distinctive character through use and registration should be allowed on this basis.

9. Denby withdrew its own application to register CRAFT.

10. Denby filed counterstatements denying the grounds of opposition to its applications to register DENBY CRAFT and STUDIO CRAFT. I note, in particular, that Denby denied that SIL's CRAFT mark was well known to it when the opposed marks were adopted. I also note that Denby denied that all the goods covered by the opposed applications are identical to those covered by SIL's applications (as SIL claimed).

11. The oppositions were consolidated. Each side seeks an award of costs.

Representation

12. Denby is represented by James Love Legal Limited, solicitors. SIL is represented by Swindell & Pearson, Chartered Trade Mark Attorneys. Neither side wished to be heard, preferring to rely on the evidence and their written submissions.

The evidence

Denby's evidence-in-chief

13. This consists of witness statements by Lindsey Wrenn of James Love Legal and Sebastian Lazell of Denby. Ms Wrenn's statement is very brief. It simply introduces

exhibits 1-4, which are said to show examples of descriptive use of CRAFT by third parties¹ and by SIL itself.² Exhibits 1-3 consist of 106 pages. There is no index or more specific explanation of the contents. Looking through them, I note the following:

- An extract from the English Oxford Living Dictionary describes CRAFT as a noun meaning “*an activity involving skill in making things by hand*” and as a verb meaning “*exercise skill in making (an object), typically by hand.*”
- The same dictionary includes a definition of ‘crafts’ as a noun meaning “*work or objects made by hand*”. The examples given are “*the shop sells local crafts*” and “*a craft fair*”.
- An extract from Wikipedia includes an entry for STUDIO CRAFTS, which are described as “*Crafts practiced by independent artists working alone or in small groups are often referred to as studio craft. Studio craft includes studio pottery....*”.
- Exhibit 1 includes an extract from the Craft Potters Association of Great Britain which was formed in 1958 “*...to promote the work the work of its members and to increase public awareness of contemporary studio pottery...*”.
- A copy of the home page of the UK website of the Northumbrian Craft Pottery, which appears to sell tableware and says that it was established in 1987.
- An extract from the BBC’s website providing access to a short clip entitled ‘The craft of pottery’.
- An extract from the Craft Council’s UK website with a link to a Directory entitled “*find makers and craft across the UK.*”
- A copy of a page from the website ‘visit Eastbourne’ with details of a “*Craft Centre*” called J C P Pottery.
- A review conducted on behalf of the Crafts Council defined ‘craft’ as including ceramics, textiles, jewellery, metal and glass.
- The same review recorded that in 1993 the Crafts Occupational Standards Board estimated the “*Craft sector*” to include nearly 18k entities in the field of pottery and ceramics.

¹ Exhibits 1-3 to Wrenn

² Exhibit 4 to Wrenn

- All the above pages were downloaded in August 2017 (i.e. after the relevant dates in these proceedings).

14. An extract from SIL's website shows that 'Craft' is a range of tableware in the Steelite Performance range. It is said to be "*...inspired by hand-crafted, simple country wares made by generations of potters over hundreds of years. The range embodies the beauty of rich, lustrous glazes applied by hand....*". According to one of SIL's brochures "*Each piece of Craft is individually hand decorated so no two pieces will be the same.*"

15. Mr Lazell is Denby's Managing Director. He says that Denby has been making pottery for over 200 years. According to Mr Lazell, the use of the word 'craft' has been core to Denby's business. Denby frequently uses the phrase "*over 200 years of craftsmanship*" and emphasises that its products are hand crafted with "*20 pairs of hands on every piece.*" Denby offers Craftroom tours at its Denby visitor centre. It also offers 'hand crafted' products, meaning that customers can order a hand painted piece of pottery personalised with a name or message of their choice.³

16. Mr Lazell claims that others traders also describe pottery as a craft. In this connection, he exhibits extracts from the websites of David Mellor and Wedgewood (downloaded in August 2017).⁴ I note that David Mellor is a retailer of British pottery and offers various "*Craft pottery ranges.*"

SIL's evidence-in-chief

17. This consists of statements by Philip Ray of SIL and Anthony Gallafent of Swindell & Pearson. Mr Ray states that SIL and its predecessors in business have made porcelain tableware since 1875. SIL's annual sales are £100m per annum. The goods are sold in the UK and exported throughout the world. In a pitch to Hilton hotels in 2012 SIL described itself as "*...a world-leading manufacturer of award-winning tabletop for the international hospitality industry.*"⁵

³ See exhibit 4 to Lazell 1

⁴ See exhibit 2 to Lazell 1

⁵ See exhibit PR1 to Ray

18. SIL's CRAFT range was introduced at the Hotelympia trade show in February 2012. It was shown again at the 2014 and 2016 shows. Hotelympia describes itself as the UK's largest foodservice and hospitality event.

19. The CRAFT range is promoted in catalogues and brochures.⁶ The nature of the promotion is broadly consistent with the description in paragraph 14 above. I note that the letters 'tm' sometimes appear in small script next to the word CRAFT.

20. SIL's CRAFT products are sold to, amongst others, hotels and hotel chains, restaurants, pubs and bars, as well as individuals. Customers of SIL's CRAFT products include Wetherspoon, Chiquintos, Mitchell and Butler pubs, Whitbread, The Restaurant Group, Village Hotels, Harris and Hoole, Radisson and Hilton hotels. The products can be purchased from SIL itself or via one of its distributors. SIL operates showrooms at its head office in Stoke-on-Trent and in London. Mr Ray provides a flyer for the showrooms.⁷ This is obviously aimed at the trade.

21. However, Mr Ray says that customers can also purchase CRAFT products from its shop in Stoke-on-Trent called Perfect Settings or via an associated internet site, which it has operated since 2013.⁸ Additionally, Mr Ray says that, in his experience, it is not uncommon for members of the public to like the tableware they are using away from their homes and to inspect the back stamp to see who made it. Thus products sold to the hospitality industry also become known to the general public.

22. SIL is active on social media. Mr Ray exhibits around 11.5 pages of text posted on Twitter, Facebook and Instagram (prior to the relevant date) which he says relate to the CRAFT product range.⁹ This is not evident from many of the posts themselves. In any event, it is difficult to assess the worth of this evidence from looking at the text of the posts out of the context in which they appeared on the various sites.

⁶ See PR2 and PR3 to Ray

⁷ See PR9 to Ray

⁸ See PR10 to Ray

⁹ See PR4,5 & 6 to Ray

23. Mr Ray says that SIL's CRAFT products can also be purchased on Amazon. He arranged for a search for "craft steelite" in August 2017 which returned 723 results. He provides the top ten¹⁰ and points out that all these list the dates of first availability as prior to the first relevant date. I note that the products in question were listed as 'Steelite Craft' products. The product descriptions reflect the ones in paragraph 14 above.

24. SIL has an advertising budget of around £1m per annum. However, because individual product ranges are not individually promoted, the amount spent promoting CRAFT goods cannot be broken down.

25. Mr Ray provides two third party publications which reference SIL's CRAFT products.¹¹ The first is a trade publication called Tableware International. It dates from 2014. The publication has a readership (presumably an international one) of 45k. The promotional value of the relevant article is recorded as £2080. The article records that Steelite International's Craft range is inspired by hand-crafted wares. I note that the following page of the article refers to an Artesa range of 'serveware' and dining accessories produced by Kitchen Craft (a third party), which is said to have been created from a range of "*crafted natural materials.*" The second publication is about the catering services provided at Warwick Castle and the tableware used by the Head Chef. This includes SIL's CRAFT. Mr Ray describes it as a testimonial.

26. SIL sold over 300k pieces of tableware under the mark CRAFT in 2012. This rose to over 2 million pieces by 2015 and 2.6 million by 2016. The latter was worth nearly £10m at ex-factory prices. However, most of these appear to have been sold abroad. Confirmed sales in the UK were only 30k pieces in 2012, rising to around 300k in 2016. The latter represented about £1.2m worth of tableware.

27. Mr Ray points out that The Caterer gave "*the Craft Collection by Steelite International*" a product excellence award in 2014. The product is sold with an 'edge

¹⁰ See PR11 to Ray

¹¹ See PR7 to Ray

chips' warrantee. This means that chipped products can be returned and replaced free of charge, although the actual return rate is said to be low.

28. I note the following from Mr Gallafent's evidence:

- SIL also filed an application to register CRAFT as an EU trade mark. It was initially accepted, but later objected to on absolute grounds (the EUIPO subsequently withdrew its late objection).
- The Collins and Chambers dictionaries do not include a definition of CRAFT(S) as a noun describing hand made goods as per the definition in the Oxford Dictionary for CRAFTS.
- The British Hospitality Association claims that 3.2 million people are employed in the hospitality industry.
- SIL sent a cease and desist letter to Denby on 7th March 2017 claiming rights in CRAFT on the basis of use of that mark since 2012 as well as pending UK and EU trade marks applications.

Denby's evidence-in-reply

29. Denby's evidence in reply consists of a second witness statement by Sebastian Lazell. Most of it is a critique of Mr Ray's evidence. I note the following points:

- SIL's use of CRAFT in connection with "*hand crafted*" tableware is consistent with it being descriptive use;
- The reference to CRAFT tableware in the trade publication Tableware International is also consistent with CRAFT being understood as describing hand crafted products;
- The relatively small number of retweets or 'likes' of social media posts referencing CRAFT on SIL's Twitter, Facebook and Instagram sites;
- No evidence has been provided to show the proportion of SIL's sales of CRAFT products to the general public (as opposed to the trade);

- The suggestion that members of the public will turn the tableware they are provided with over in order to discover the brand is impractical whilst the tableware holds food, and is otherwise not proven;
- The need to book for an appointment shows that SIL's showrooms are aimed at professional buyers;
- The entries for CRAFT tableware on SIL's website perfect-setting.co.uk identify the 'brand' as "*Steelite International*";
- SIL's search on Amazon was by reference to the words 'Steelite Craft', not just CRAFT;
- A search of Amazon conducted by reference to just the word CRAFT returned the products of other companies, including KITCHEN CRAFT.¹²

30. Mr Lazell also took the opportunity to respond to a number of points that those representing SIL had made in written submissions filed along with its evidence-in-chief. It had been suggested that the fact that Denby had itself applied to register CRAFT indicated that it considered that the word was capable of distinguishing the goods of a particular undertaking. Mr Lazell denied this saying that he had instructed his lawyer to withdraw Denby's application to register CRAFT.

31. As to SIL's allegation of bad faith, Mr Lazell said that Denby first had plans to use the CRAFT name in October 2016. It proposed to introduce a DENBY CRAFT product. Denby decided to apply for CRAFT, as well as DENBY CRAFT, in order "*to keep its options open as to how the range might develop.*" The Managing Director of SIL tried to contact him on 22nd February 2017 after the DENBY CRAFT range was launched, but they did not speak at that time. Denby subsequently received a cease and desist letter dated 7th March 2017 from SIL's lawyers. To further differentiate the parties' products, Denby decided to call its range STUDIO CRAFT rather than just CRAFT. An application was then made to register STUDIO CRAFT as a trade mark too.

¹² See SL2 to Lazell 2

32. Mr Lazell denied that SIL has any goodwill under CRAFT and points out that the use of that name has been confined to the hospitality industry. Therefore, he denied that there was any likelihood of confusion between Steelite Craft and Denby Craft.

SIL's evidence-in-reply

33. SIL's evidence in reply consists of a second brief witness statement by Anthony Gallafent. The only fact in it is that SIL has applied to register CRAFT as a trade mark in the USA, which appears irrelevant to the matters I have to decide.

Further evidence

34. SIL filed a third witness statement by Anthony Gallafent which drew attention to an article published in Tableware International on 1st March 2018 to the effect that Denby was relaunching into the hospitality market. Mr Gallafent submitted that this showed that Denby's argument about having different customer bases was wrong, the parties are competing for the same customers.

35. Denby did not object to SIL filing further evidence, but provided a third witness statement by Sebastian Lazell in response. In his third statement Mr Lazell plays down the significance of the article in Tableware International pointing out that:

- The article refers to Denby re-entering the hospitality market;
- Denby has always had a small presence in that market;
- Denby is still predominantly a business-to-consumer brand.

Denby's section 3 grounds for opposing SIL's UK application to register CRAFT

36. It is convenient to firstly examine Denby's opposition on absolute grounds to SIL's application to register CRAFT. The relevant provisions of s.3 of the Act are shown below.

"3(1) The following shall not be registered –

- (a) -
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

37. As I noted above, the heart of Denby’s objection appears to be its claim that “*The word 'Craft' is descriptive of goods that are made by hand or crafted.*” If that is right, the ground of opposition based on s.3(1)(c) of the Act appears to give Denby its best chance of success. I will therefore start with this ground.

Section 3(1)(c)

38. The case law under section 3(1)(c) (corresponding to article 7(1)(c) of the EUTM Regulation, formerly article 7(1)(c) of the CTM Regulation) was set out by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*.¹³

“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the

¹³ [2012] EWHC 3074 (Ch)

purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461 , paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley* , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5

February 2010 in *Mergel and Others v OHIM (C-80/09 P)*, paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94 , the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a

property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56).”

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97].”

39. The matter must be assessed from the perspective of the relevant average consumer who is deemed to be reasonably observant and circumspect. However, the average consumer’s level of attention varies depending on the goods or services at issue. In this case the average consumer is likely to be either a business buying tableware or similar goods, or a member of the general public buying the goods specified in paragraph 1 above for the home. I see no reason why either type of consumer is liable to pay any more or less than a normal degree of attention when selecting the goods at issue.

40. There does not appear to be any dispute that CRAFT means “*an activity involving skill in making things by hand*” and “*exercise skill in making (an object), typically by hand.*” In other words the parties seem to agree that the word describes the activity of ‘crafting’, but SIL disputes that CRAFT will be understood as designating or describing a characteristic of goods made this way, or at least a characteristic of its own goods. Any distinction between the goods listed in the application and SIL’s own goods is irrelevant. If the trade mark describes a characteristic of the goods specified in the application it does not matter whether that

characteristic is actually present in SIL's own CRAFT goods¹⁴ (although that might be relevant to the issue of acquired distinctiveness through use).

41. Denby relies on the Oxford Dictionary's definition of 'crafts' as "*work or objects made by hand*" as support for its claim that CRAFT describes the 'kind' of such goods, as well as the method of making them. SIL disputes that 'crafts' has this meaning, pointing out that no such meaning appears in Collins or Chambers dictionaries. I do not regard this as meaning that the entry in the Oxford Dictionary is incorrect or out of date. Indeed, the associated examples given, i.e. "*the shop sells local crafts*" and "*a craft fair*" are immediately recognisable current uses of 'craft(s)' in relation to hand crafted goods.

42. The uses of 'craft' shown in the evidence in the context of the *Northumbrian Craft Pottery*, a "*Craft Centre*" called J C P Pottery, and the retailer David Mellor offering "*Craft pottery ranges*", also appear to support the proposition that CRAFT or CRAFTS can mean "*work or objects made by hand*" as well as the method through which such goods are made. It is true that the evidence of such use was obtained after the first relevant date. However, it seems unlikely that the meaning of such an established word would have altered in a matter of months. I can therefore give some weight to these instances as supporting the disputed reference in the Oxford Dictionary.

43. As to the distinction between CRAFT and CRAFTS, I find it virtually non-existent. The latter is merely the plural of the former. If CRAFTS can be used to describe hand crafted goods, CRAFT can also be used for this purpose (e.g. "*Craft pottery ranges*").

44. I recognise that the descriptive use of CRAFT I have identified is most obviously applicable to a collection of hand crafted products, i.e. "*Craft pottery ranges*." However, I find that average consumers of the goods at issue would immediately recognise CRAFT as designating a particular kind of product, i.e. hand crafted items.

¹⁴ See *Koninklijke KPN Nederland NV v Benelux-Merkenbureau*

I therefore find that CRAFT is a sign which may serve, in trade, to designate a kind of goods, i.e. hand crafted goods.

45. Most of the goods covered by SIL's application are self-evidently of the kind that could be hand crafted, i.e. *pottery, glassware, ceramics, porcelain and earthenware; articles of crockery; tableware, other than knives, forks and spoons; table ware of wood; tableware of metal; and trenchers for serving or presenting food; vases, ornaments of pottery, glass, ceramics, porcelain, or earthenware; candlesticks.* And as many of these terms fall within the broader description *household utensils*, the objection to the former terms must be extended to the wider description. Further, I find that even those goods that do not appear as likely to be hand crafted, i.e. *tableware of plastics, coffee pots; tea pots; decanters; plant containers* are capable of being hand decorated or hand finished. The same objection therefore also applies to these goods.

46. The opposition under s.3(1)(c) therefore succeeds, subject to SIL's case of acquired distinctiveness through use.

47. As the applicability of any one of the grounds under s.3(1) is sufficient to justify *prima facie* refusal of SIL's application it is not strictly necessary to assess Denby's grounds under s.3(1)(b) or (d). I will therefore say no more about the s.3(1)(d) ground. However, in case I am wrong about the s.3(1)(c) ground applying, I will also consider the s.3(1)(b) ground.

Section 3(1)(b)

48. The principles to be applied under article 7(1)(b) of the CTM Regulation (which is now article 7(1)(b) of the EUTM Regulation, and is identical to article 3(1)(b) of the Trade Marks Directive and s.3(1)(b) of the Act) were conveniently summarised by the CJEU in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG*¹⁵ as follows:

¹⁵ Case C-265/09 P

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67).

49. SIL appears to accept that CRAFT means “*an activity involving skill in making things by hand.*” Despite this it submits that the word is capable of distinguishing the trade source of goods that could be made by hand or be hand finished. I disagree. Assuming that this is the ordinary meaning of CRAFT that would be apparent to average consumers of the goods at issue, they would be liable to understand the word as indicating only that the goods are the product of “*an activity involving skill in making things by hand.*” I see no reason why average consumers would *prima facie* be likely to regard the word as also identifying a particular trade source of such goods. Consequently, I find the opposition based on s.3(1)(b) of the Act succeeds independently of the opposition based on s.3(1)(c).

50. I have taken into account that the EUIPO appears to have accepted SIL's application to register CRAFT for similar goods. That decision is not binding on me. In deciding what weight to attach to the decision of the EUIPO I have taken into account that it appears to have changed its mind twice. I do not know why the EUIPO finally decided to register the mark. Consequently, I do not feel overly compelled to follow suit.

Acquired distinctiveness

51. The CJEU provided guidance in *Windsurfing Chiemsee*¹⁶ about the correct approach with regard to the assessment of the acquisition of distinctive character through use. The guidance is as follows:

“51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.

53. As regards the method to be used to assess the distinctive character of a mark in respect of which registration is applied for, Community law does not

¹⁶ Joined cases C-108 & C-109/97

preclude the competent authority, where it has particular difficulty in that connection, from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment (see, to that effect, Case C-210/96 *Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 37).”

52. It is clear from *Oberbank AG & Banco Santander SA and Another v Deutscher Sparkassen- und Giroverband eV*,¹⁷ that the burden of establishing acquired distinctiveness rests on the proprietor of the mark.

53. SIL has provided evidence of use of the CRAFT mark in the UK since 2012. This is around 5 years prior to the first relevant date. Confirmed sales in the UK were 30k pieces of tableware in 2012, rising to around 300k pieces in 2016. I have not been provided with information as to the size of the UK market for tableware, but I would expect 300k pieces to be a relatively small share of the total market.

54. As the registration of the mark will affect all traders in tableware (and possibly related similar goods too), the relevant market must be considered to cover all UK consumers of the goods covered by the application. In this connection, Denby points out that SIL’s goods are targeted at trade buyers of tableware. The inference being that a large slice of the relevant public (i.e. buyers of tableware for the home) could not have been educated by SIL’s use of CRAFT to recognise a secondary trade mark meaning. SIL disputes this, pointing out that its goods are offered for sale to the public via the Perfect Setting Shop, the associated internet site, and possibly through its showrooms. In support of this claim, SIL draws attention to the availability of its goods for sale or re-sale on Amazon.

55. Although there are no invoices evidencing sales by SIL to the general public, I accept that some of SIL’s CRAFT goods have been sold to such consumers. Nevertheless, the weight of the evidence is that, to the limited extent that SIL promotes its CRAFT products through advertising, it targets trade buyers of tableware. I think it is clear that most of SIL’s CRAFT goods were sold to the trade. SIL points out that the end consumer may still come into contact with the brand used

¹⁷ Joined cases C-217 and 218/13

for such goods when they use the products in hotels, restaurants etc. Mr Ray says that in his experience the public sometimes check the back stamps on the tableware they are using. I accept that this might sometimes happen, but I doubt that it is typical user behaviour. In any event, Mr Ray does not expressly say what is on the back stamp of the CRAFT products (STEELITE and/or CRAFT). Mr Ray did not provide a specific example of such a back stamp. And looking through the pictures in the exhibits he provided, I could not find an example of such a back stamp. I therefore attach little weight to this point. I find that most of the exposure of the CRAFT mark in the UK has been amongst potential trade buyers of tableware.

56. SIL's evidence is that 3.2m people work in the hospitality industry. I accept that this amounts to a significant proportion of the relevant public, but it is quite a leap to suggest that all these people would have come across and noticed the CRAFT mark in the course of their employment. There is no evidence that SIL's trade customers for CRAFT tableware employ anything like 3.2m people in the UK. Further, it does not seem likely that a large proportion of such employees would check the brands on the tableware they use at work (even if the brand is actually on the product).

57. I will next consider the likely perception of the trade and public consumers of tableware who would have come across the CRAFT mark in use. Denby submits that the nature of SIL's use of CRAFT is consistent with the word's descriptive meaning. In other words that CRAFT will have been understood as describing a "*range [which] embodies the beauty of rich, lustrous glazes applied by hand....*". I agree that that sort of use cannot be presumed to have generated the impression that CRAFT is a trade mark. Placing the small letters 'tm' next to the word CRAFT on occasions will not necessarily have countered that descriptive impression.

58. I note that the CRAFT mark has generally been used in conjunction with the distinctive name STEELITE. As a matter of law, this does not mean that CRAFT could not have acquired a distinctive character through such use. However, as a matter of fact, it makes it harder to show that an inherently non-distinctive mark has

acquired a distinctive character. For example, in *Audi AG, Volkswagen AG v OHIM*¹⁸ the General Court stated that:

“73. in the advertising material submitted by the applicants and included in the administrative file, the sign TDI always appears with another mark belonging to the applicants, such as the trade marks Audi, VW or Volkswagen. The Court has, however, held on numerous occasions that advertising material on which a sign which is devoid of any distinctive character always appears with other marks which, by contrast, do have such distinctive character does not constitute proof that the public perceives the sign applied for as a mark which indicates the commercial origin of the goods (*Shape of a beer bottle*, cited in paragraph 41 above, paragraph 51, and *Shape of a lighter*, cited in paragraph 27 above, paragraph 77).”

59. In *Société des Produits Nestlé SA v Cadbury UK Ltd*,¹⁹ the CJEU considered a preliminary reference from the High Court of England and Wales which sought guidance about the legal test for showing that a trade mark had acquired a distinctive character. The CJEU understood the question as follows:

“By its first question the referring court asks, in essence, whether an applicant to register a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95 must prove that the relevant class of persons perceive the goods or services designated exclusively by that mark, as opposed to any other mark which might also be present, as originating from a particular company, or whether it is sufficient for that applicant to prove that a significant proportion of the relevant class of persons recognise that mark and associate it with the applicant’s goods.”

The CJEU answered the question in these terms:

¹⁸ Case T-318/09

¹⁹ Case C-215/14

“In order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95, regardless of whether that use is as part of another registered trade mark or in conjunction with such a mark, the trade mark applicant must prove that the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company.”

60. The Court of Appeal²⁰ in England and Wales subsequently indicated that it understood the CJEU’s answer to mean:

- (i) A non-distinctive mark can only acquire distinctive character if, as a consequence of the way(s) that it has been used, a significant proportion of the relevant public would, at the relevant date, have taken the mark, by itself, to mean that the goods/services sold under it are those of a single undertaking, which is responsible for their quality.
- (ii) In answering this question it is necessary to distinguish between, on the one hand, mere recognition of the mark in the abstract and, on the other hand, the likely use of that mark during the course of trade, by the relevant public, for the purposes of distinguishing the source of the goods/services.
- (iii) It is not necessary to show that a significant proportion of the relevant public have in the past placed reliance on the mark for this purpose.

61. Looking at the ways in which third parties have identified SIL’s CRAFT goods, in Amazon listings, in trade publications, and in awards,²¹ I see no evidence that anyone has yet relied on just the word CRAFT to identify SIL’s products; the uses shown in the evidence appear to rely as much, or more so, on the name Steelite to identify the source of the products. I also find it telling that when Mr Ray decided to search on Amazon for SIL’s CRAFT product he searched on ‘steelite craft’, not just ‘craft’.

²⁰ [2017] EWCA Civ 358

²¹ See paragraphs 23, 25 & 27 above.

62. Taking all these factors into account, I find that CRAFT had not acquired a distinctive character by the first relevant date to a significant proportion of the relevant UK public. This means that Denby’s opposition under s.3(1) succeeds and SIL’s application to register CRAFT will be refused.

SIL’s opposition to Denby’s application to register STUDIO CRAFT

63. The refusal of SIL’s application to register CRAFT means that I no longer need to consider the grounds of opposition to Denby’s applications based on earlier UK application 3207907. However, the grounds based on SIL’s earlier EU trade mark 16270209 (also CRAFT) must still be addressed.

64. I therefore turn to consider SIL’s s.5(2)(b) ground of opposition to STUDIO CRAFT based on (now registered) EU 16270209. Section 5(2)(b) of the Act is as follows:

“5(2) A trade mark shall not be registered if because-

(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”.

Comparison of goods and services

65. The respective goods/services are shown below:

Contested mark	Earlier EU mark
Class 21: Household, kitchen and bathroom utensils and containers; tableware; ovenware; ornamental articles, models, figurines (statuettes), all made of China bone, china, ceramics, glass, cut glass, earthenware, crystal, porcelain ware and terracotta; vases; coasters; glassware; chinaware; pottery; porcelain; earthenware.	Class 21: Household utensils; pottery, glassware, ceramics, porcelain and earthenware; articles of crockery; tableware, other than knives, forks and spoons, tableware of plastics; table ware of wood; tableware of metal; ovenware, oven to tableware, serving dishes; serving platters; boards, plates, and trenchers for serving or presenting food;

<p>Class 35: “Retail and wholesale services connected with the sale of household, kitchen and bathroom utensils and containers, kitchenware and ovenware, tableware, glassware, chinaware, pottery, porcelain, earthenware, stoneware, cookware; all the aforesaid being provided via mail order, television, telephone, Internet and factory shop in class 35.”</p>	<p>coffee pots; tea pots; decanters; plant containers, vases, ornaments of pottery, glass, ceramics, porcelain, or earthenware; candlesticks.</p>
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66. SIL submits that the goods covered by class 21 of the contested application are literally identical to those covered by the corresponding class of the earlier mark, except for *household containers, kitchen and bathroom utensils and containers, ‘ornamental articles, models, figurines (statuettes), all made of China bone, china, crystal, and terracotta’, and coasters*. Having regard to the definitions of ‘utensils’, ‘china’, ‘terracotta’, ‘crystal’ and ‘coaster’ in Collins English Dictionary, SIL claims that:

- (i) Household utensils includes household containers;
- (ii) Household utensils includes kitchen and bathroom utensils and containers;
- (iii) Ornaments includes ornamental articles, models, figurines (statuettes);
- (iv) Ornaments of ceramics covers ornamental articles of china;
- (v) Ornaments of glass covers ornamental articles of crystal;
- (vi) Ornaments of earthenware covers ornamental articles of terracotta;
- (vii) Tableware covers coasters.

67. I accept those submissions and find that the goods in class 21 are identical.²²

68. With regard to the opposed services in class 35, SIL says that they relate to the same or similar goods to those covered by the earlier mark. I accept this. SIL further says that the similarity of the marks and services/goods will cause the public to believe that they are provided by the same or related undertakings.

²² See *Gérard Meric v OHIM*, Case T- 133/05, General Court, at paragraph 29 of the judgment

69. In *Oakley, Inc. v OHIM*²³ the General Court held that although retail services are different in nature, purpose and method of use to goods, retail services for particular goods may be complementary to those goods, and distributed through the same trade channels, and therefore similar to a degree. I therefore find that there is a medium degree of similarity between the goods covered by the earlier mark and the opposed services in class 35.

Average consumer and the selection process

70. I identified the relevant average consumers of the goods of SIL's earlier UK trade mark at paragraph 39 above. I adopt this and find that it applies equally to the goods and services covered by the contested mark.

71. Such goods and services are liable to be selected from brochures and internet sites and purchased, inter alia, by mail order, telephone, over the internet or from physical outlets, such as factory shops. Consequently, the selection process is likely to be mainly visual, although oral orders may also play some part in the process.

Distinctive character of the earlier mark

72. It follows from my rejection of SIL's application to register CRAFT as a trade mark that I consider that it has no distinctive character in relation to the goods at issue in class 21 because it means "*work or objects made by hand*" and/or "*an activity involving skill in making things by hand.*" However, as SIL's CRAFT trade mark has been registered as an EU trade mark for the same goods, I am required to take account of the decision of the CJEU in *Formula One Licensing BV v OHIM*²⁴ as follows:

"41.it is not possible to find, with regard to a sign identical to a trade mark protected in a Member State, an absolute ground for refusal, such as the lack of distinctive character, provided by Article 7(1)(b) of Regulation No 40/94 and Article 3(1)(b) of Directives 89/104 and 2008/95. In this respect, it should be

²³ Case T-116/06, at paragraphs 46-57

²⁴ Case C-196/11P

noted that the characterisation of a sign as descriptive or generic is equivalent to denying its distinctive character.

42. It is true that, as is clear from paragraph 48 of the judgment under appeal, where an opposition, based on the existence of an earlier national trade mark, is filed against the registration of a Community trade mark, OHIM and, consequently, the General Court, must verify the way in which the relevant public perceives the sign which is identical to the national trade mark in the mark applied for and evaluate, if necessary, the degree of distinctiveness of that sign.

43. However, as the appellant rightly points out, their verification has limits.

44. Their verification may not culminate in a finding of the lack of distinctive character of a sign identical to a registered and protected national trade mark, since such a finding would not be compatible with the coexistence of Community trade marks and national trade marks or with Article 8(1)(b) of Regulation No 40/94, read in conjunction with Article 8(2)(a)(ii).”

73. It is true that the current situation is the reverse of the one addressed by the CJEU: the earlier mark is an EU trade mark and the later one a national trade mark. However, the same principle applies once the EU trade mark is registered: national offices may not treat marks registered under the EU trade mark system as having 0% distinctiveness because that would amount to the national office declaring the EU trade mark invalid. Only the EUIPO and EU courts have jurisdiction to make that determination. And Community Trade Mark Courts are required to treat registered EU trade marks as being *prima facie* valid.²⁵ It follows that, despite my earlier findings, I must treat SIL’s EU CRAFT trade mark as valid and therefore as having at least a minimum level of distinctive character. I will proceed on this basis.

Comparison of the marks

74. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*²⁶ that:

²⁵ See Article 99 of EU Regulation 207/2009

²⁶ Case C-591/12P

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

It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant component(s).

The respective trade marks are shown below:

CRAFT	STUDIO CRAFT
Earlier trade mark	Contested trade mark

75. The marks obviously have the word CRAFT in common and they are similar to the eye and ear to this extent. For the reasons given in the following paragraph, I find that neither the word STUDIO nor the word CRAFT dominate the visual and aural impression created by the contested mark. However, the first word (STUDIO) of Denby’s mark has no counterpart in the earlier mark. Therefore, I find that there is a medium degree of visual and aural similarity between the marks.

76. Turning to conceptual similarity, I note from Denby’s evidence that STUDIO CRAFT means “*Crafts practiced by independent artists working alone or in small groups..*”, and includes studio pottery. It therefore appears that STUDIO CRAFT is not a random or meaningless combination of words in relation to the goods/services at issue. Rather, the term appears to mean a specific way of practising crafts. When considered in relation to craft products, or related wholesale/retail services, it will be understood as meaning a trade in the products of “*independent artists working alone or in small groups.*” Consequently, although the meaning of STUDIO CRAFT is

different to CRAFT by itself, in the sense that it is more specific, it is a closely related meaning. This may be why it was chosen as an alternative to Denby's original choice of CRAFT alone. I therefore consider that there is a high degree of conceptual similarity between the respective marks.

Global comparison

77. I am guided by the following principles 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.

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 might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

78. Taking account of the identity or similarity of the goods/services and the degree of similarity between the marks, particularly the closely related meanings of the marks, I find that, at the third relevant date, there was a likelihood of confusion through imperfect recollection. That is to say that average consumers paying a normal degree of attention to the selection of the goods at issue would imperfectly recall one mark for the other. So far as, at least, the general public are concerned,

this is made more likely by the fact the goods at issue (and associated services) are not likely to be purchased on a very frequent basis.

79. To put it another way, on the footing that I am required to assume that CRAFT has at least some distinctive character in relation to SIL's goods, then I find that STUDIO CRAFT shares too much of the same distinctive character.

80. In his evidence, Mr Lazell appears to rely on the fact that Denby's goods are marketed under the mark DENBY CRAFT or DENBY STUDIO CRAFT as a factor which reduces the likelihood of confusion. However, the application to register STUDIO CRAFT on its own necessarily requires me to consider the effect of the use of that mark without reference to the name DENBY. In coming to my conclusion, I have not therefore placed any reliance on the distinguishing effect of the DENBY name so far as the STUDIO CRAFT mark is concerned.

81. I conclude that SIL's opposition under s.5(2)(b) succeeds on the basis of the registration of earlier EU 16270209. I see no need to address SIL's further grounds of opposition under s.5(4)(a) and s.3(6) of the Act in relation to this mark.

SIL's opposition to Denby's application to register DENBY CRAFT

Comparison of goods

82. Denby's application to register DENBY CRAFT covers the same goods as its application to register STUDIO CRAFT, but not the associated services covered by the latter application. The respective goods in class 21 are therefore the same as covered in paragraphs 65 to 67 above. This means that the respective goods must again be considered to be identical.

Average consumer and the selection process

83. I adopt my findings at paragraphs 39, 70 and 71 above.

Distinctive character of the earlier trade mark

84. I will again treat SIL’s earlier EU CRAFT trade mark as having a minimum degree of distinctive character for the reasons given at paragraph 73 above.

Comparison of the marks

85. The respective trade marks are shown below:

CRAFT	DENBY CRAFT
Earlier trade mark	Contested trade mark

86. The marks obviously have the word CRAFT in common and they are similar to the eye and ear to this extent. However, the first word (DENBY) of Denby’s mark has no counterpart in the earlier mark. As a general rule, the first word in two word trade marks tends to have more impact on average consumers than the second word. This is likely to be the case here because DENBY CRAFT (unlike STUDIO CRAFT) is not a combination of words mark with a composite meaning. In these circumstances I consider that DENBY is visually and aurally more dominant and distinctive in the contested mark compared to CRAFT. However, I accept that the word CRAFT is not negligible in terms of the visual and aural impressions created by the contested mark as a whole. Therefore, I find that there is a low to medium degree of visual and aural similarity between the marks.

87. Turning to the issue of conceptual similarity, I earlier found that CRAFT means “*work or objects made by hand*” and/or “*an activity involving skill in making things by hand.*” Making the required assumption that relevant consumers are also capable of seeing CRAFT as a trade mark does not mean that such consumers are deemed to have lost sight of the ordinary meanings of that word. The word ‘craft’ in DENBY CRAFT will convey the same descriptive/non-distinctive meaning(s) as CRAFT alone. The marks are conceptually similar to this limited extent. The word DENBY

has no obvious meaning, except that it is obviously a name of some sort. Given the inherently non-distinctive nature of the word CRAFT in the combination DENBY CRAFT, I find that the significance of DENBY as a name is likely to dominate the 'idea' of the contested mark in the minds of average consumers of the goods at issue, more so than the descriptive/non-distinctive meaning(s) of CRAFT.

Likelihood of confusion

88. SIL submits that there could be confusion through imperfect recollection of one or other of the marks at issue. However, despite the identity of the goods, I find that the differences between the marks are sufficient to rule out a likelihood of direct confusion. In particular, I do not consider it credible that, at the second relevant date, relevant average consumers of SIL's goods were likely to recall the CRAFT element of DENBY CRAFT without also recalling the more dominant and distinctive DENBY element.

89. SIL further submits that there was a likelihood of indirect confusion: that consumers may have taken the common word CRAFT as an indication that there is some sort of collaboration between the users of DENBY CRAFT and CRAFT. In support of this submission, SIL points out that CRAFT is a separate and readily distinguishable element of DENBY CRAFT.

90. This appears to be an oblique reference to principle (f) in the list at paragraph 77 above. In *Whyte and Mackay Ltd v Origin Wine UK Ltd and Another*,²⁷ Arnold J. considered the impact of the CJEU's judgment in *Bimbo*²⁸ on the court's earlier judgment in *Medion v Thomson*. The judge said:

"18 The judgment in *Bimbo* confirms that the principle established in *Medion v Thomson* is not confined to the situation where the composite trade mark for which registration is sought contains an element which is identical to an earlier trade mark, but extends to the situation where the composite mark

²⁷ [2015] EWHC 1271 (Ch)

²⁸ Case C-591/12P

contains an element which is similar to the earlier mark. More importantly for present purposes, it also confirms three other points.

19 The first is that the assessment of likelihood of confusion must be made by considering and comparing the respective marks — visually, aurally and conceptually — as a whole. In *Medion v Thomson* and subsequent case law, the Court of Justice has recognised that there are situations in which the average consumer, while perceiving a composite mark as a whole, will also perceive that it consists of two (or more) signs one (or more) of which has a distinctive significance which is independent of the significance of the whole, and thus may be confused as a result of the identity or similarity of that sign to the earlier mark.

20 The second point is that this principle can only apply in circumstances where the average consumer would perceive the relevant part of the composite mark to have distinctive significance independently of the whole. It does not apply where the average consumer would perceive the composite mark as a unit having a different meaning to the meanings of the separate components. That includes the situation where the meaning of one of the components is qualified by another component, as with a surname and a first name (e.g. BECKER and BARBARA BECKER).

21 The third point is that, even where an element of the composite mark which is identical or similar to the earlier trade mark has an independent distinctive role, it does not automatically follow that there is a likelihood of confusion. It remains necessary for the competent authority to carry out a global assessment taking into account all relevant factors.”

91. This is also consistent with the case law of the EU's General Court. In *Anncò, Inc. v OHIM*,²⁹ the General Court considered an appeal against OHIM's decision that there was no likelihood of confusion between ANN TAYLOR LOFT and LOFT (both for clothing and leather goods) and found that:

²⁹ Case T-385/09

“48. In the present case, in the light of the global impression created by the signs at issue, their similarity was considered to be weak. Notwithstanding the identity of the goods at issue, the Court finds that, having regard to the existence of a weak similarity between the signs at issue, the target public, accustomed to the same clothing company using sub-brands that derive from the principal mark, will not be able to establish a connection between the signs ANN TAYLOR LOFT and LOFT, since the earlier mark does not include the ‘ann taylor’ element, which is, as noted in paragraph 37 above (see also paragraph 43 above), the most distinctive element in the mark applied for.

49 Moreover, even if it were accepted that the ‘loft’ element retained an independent, distinctive role in the mark applied for, the existence of a likelihood of confusion between the signs at issue could not for that reason be automatically deduced from that independent, distinctive role in that mark.

50 Indeed, the likelihood of confusion cannot be determined in the abstract, but must be assessed in the context of an overall analysis that takes into consideration, in particular, all of the relevant factors of the particular case (*SABEL*, paragraph 18 above, paragraph 22; see, also, Case C-120/04 *Medion* [2005] ECR I-8551, paragraph 37), such as the nature of the goods and services at issue, marketing methods, whether the public’s level of attention is higher or lower and the habits of that public in the sector concerned. The examination of the factors relevant to this case, set out in paragraphs 45 to 48 above, do not reveal, *prima facie*, the existence of a likelihood of confusion between the signs at issue.”

92. More recently in *Deutsche Post AG v EUIPO*³⁰ the General Court rejected an appeal against the decision of the EUIPO that there was no likelihood of confusion between BEPOST (the contested mark) and the earlier mark POST, which had been registered in Germany for postal and related services. The relevant part of the judgment is shown below.

³⁰ Case T-118/16 (20 February 2018)

47..... Furthermore, it is necessary to confirm the Board of Appeal's finding that the word element 'post' in the mark applied for will not be perceived as a reference to the earlier national word mark POST, but rather, when combined with the word element 'be', merely as a reference to postal services (see, to that effect, judgment of 13 May 2015, *Deutsche Post v OHIM — PostNL Holding (TPG POST)*, T-102/14, not published, EU:T:2015:279, paragraph 69). Although a significant percentage of the relevant [German] public recognises the trade mark significance of the word 'post', that does not, by itself, demonstrate that that term can be perceived only as that mark when it is incorporated in marks which differ in overall appearance, pronunciation and concept."

93. Consequently, even if the earlier mark in this case is seen by a significant proportion of UK consumers as a trade mark for the goods at issue, that does not mean that the word CRAFT must be understood to signify SIL's goods when it is incorporated into a composite mark in which the element DENBY is more dominant and distinctive. Rather, in these circumstances DENBY CRAFT is likely to be understood as designating 'craft' goods (according to the ordinary meanings of that word) from DENBY. Further, there is no reason to believe that the public will expect SIL's goods to be marketed under the name DENBY.

94. I therefore find that there is no likelihood of indirect confusion between the trade marks either. SIL's s.5(2)(b) ground of opposition to Denby's application to register DENBY CRAFT fails accordingly.

SIL's passing-off right claim

95. 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.”

96. In *Discount Outlet v Feel Good UK*³¹ Her Honour Judge Melissa Clarke, sitting as a Deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

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

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

97. I have no doubt that SIL’s tableware business and pottery has substantial goodwill in the UK. However, in my view, SIL’s case fails because it has not established that CRAFT alone is distinctive of any of its goods. It is true that SIL had used CRAFT for around 5 years prior to the second relevant date in relation to goods in its ‘performance’ range. Further, the scale of the use, even in the UK, was sufficient, in principle, so as to be protectable under the law of passing off. However,

³¹ [2017] EWHC 1400 IPEC

mere use does not equal distinctiveness. Increased use does not do so either. The use must be perceived as distinctive use in order to qualify for protection under the law of passing off. Considering the way that SIL has used the mark, it is more likely to have perceived as descriptive use than trade mark use. This is made more likely by the fact that SIL has generally used CRAFT in conjunction with the distinctive name STEELITE. Such evidence as there is of third party perception of CRAFT is consistent with the view that CRAFT is not distinctive of SIL's business without STEELITE. That conclusion is not undermined by the fact that SIL used 'tm' next to CRAFT in small letters on some occasions. All this shows is that SIL considered CRAFT as a trade mark. It does not follow that this view was shared by a substantial number of SIL's customers or potential customers. I therefore find that the passing-off right ground fails because CRAFT alone has not been shown to have been distinctive of SIL at the second relevant date. Therefore, Denby's use of DENBY CRAFT would not have constituted a misrepresentation to the public.

98. Further, even if CRAFT alone was distinctive of SIL's tableware to some of its trade customers (or potential trade customers) at the second relevant date, it would have been only weakly distinctive at best. This is because the ordinary descriptive and non-distinctive meanings of CRAFT in relation to hand finished goods would still have been apparent to such customers. In these circumstances, the use of DENBY CRAFT would have been sufficient to distinguish Denby's goods from those of SIL. The same applies to the use of DENBY STUDIO CRAFT.³²

99. The s.5(4)(a) ground fails accordingly.

The s.5(3) ground

100. Section 5(3) states:

“(3) A trade mark which-

³² Smaller differences are sufficient to distinguish descriptive marks compared to fancy or coined trade marks: see *Office Cleaning Services v Westminster Window & General Cleaning* [1946] 63 RPC 30, at page 43.

(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.”

101. 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, *Addidas-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*).

102. I accept that having a reputation amongst trade customers could be sufficient, in principle, to constitute a significant part of the relevant public. It is not therefore fatal to SIL's case if Denby is right that SIL's CRAFT mark has had little exposure to the general tableware-buying public. However, the difficulty facing SIL's case under s.5(3) is the same as under s.5(2) and 5(4)(a); namely, that there is no evidence that CRAFT by itself has acquired a reputation which is independent of the STEELITE name. On this view of the matter, SIL's case falls at the first hurdle.

The bad faith case

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

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

104. SIL submits that Denby knew about its use of CRAFT for 4 years and 8 months prior to deciding to adopt the mark DENBY CRAFT for its own range of competitive products. Mr Lazell does not deny that Denby knew of SIL's use of CRAFT. He says that (a) Denby did not believe that SIL had goodwill under CRAFT, (b) Denby considered SIL's use of STEELITE CRAFT to be confined to the hospitality industry, and (c) he did not consider that there was a likelihood of confusion.

105. In *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*³³ Arnold J. said that:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective

³³ [2009] RPC 9 (approved by the COA in [2010] RPC 16)

claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration.”

106. Mere knowledge of SIL’s use of CRAFT is not therefore sufficient to justify a finding of bad faith. I accept Denby’s protestation about the parties being in different markets has little weight in the light of the evidence that Denby intended to relaunch itself into the same market as SIL. However, my findings are consistent with Denby’s analysis that CRAFT alone was not distinctive of SIL, and there was no likelihood of confusion from its proposed use of DENBY CRAFT. Given this and the inherently descriptive/non-distinctive nature of CRAFT for tableware, pottery etc., I find that Denby had reasonable cause to believe that it was entitled to register DENBY CRAFT in relation to the goods listed in the application.

107. SIL’s bad faith ground of opposition to DENBY CRAFT fails accordingly.

Overall outcome

108. SIL’s UK application 3207907 to register CRAFT is refused (in total) because registration would be contrary to sections 3(1)(b) and (c) of the Act.

109. Denby’s application 3223455 to register STUDIO CRAFT is refused under s.5(2)(b) of the Act on the basis of and SIL’s earlier EU trade mark 16270209 (CRAFT).

110. Denby’s opposition 409253 to SIL’s application 3214877 to register DENBY CRAFT is rejected. This means that, subject to appeal, DENBY CRAFT will be registered.

Costs

111. Denby was successful in oppositions 409168 and 409253, but unsuccessful in opposition 409248. In terms of costs, the outcomes in oppositions 409248 and

409253 cancel each other out. The parties should bear their own costs for these oppositions. Denby is entitled to a contribution towards its costs in opposition 409168. Taking into account the extent to which the issues and evidence overlap with those in the other two oppositions, I assess these as follows.

Filing a form TM7 - £200 in official fees

Preparing a notice of opposition in opposition 409168 and considering SIL's counterstatement - £400

Preparing evidence and submissions and considering SIL's evidence and submissions - £700

Filing written submissions in lieu of a hearing - £150

112. I therefore order Steelite International Limited to pay Denby Brands Limited the sum of £1450. This sum to be paid within 14 days of the end of the period allowed for appeal or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings (subject to any order made by the appellant tribunal).

Dated this 26th day of April 2018

**Allan James
For the Registrar**