



Neutral Citation Number: [2022] EWHC 319 (IPEC)

Case No: IP-2020-000074

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY ENTERPRISE COURT**

Royal Courts of Justice
Rolls Building, London, EC4A 1NL

Date: 16 February 2022

Before :

HIS HONOUR JUDGE HACON

Between :

(1) **GNAT AND COMPANY LIMITED**

(a company incorporated under the laws of the British Virgin Islands)

(2) **CHINA TANG LONDON LIMITED**

- and -

(1) **WEST LAKE EAST LIMITED**

(2) **HONGLU GU**

David Ivison (instructed by **Haseltine Lake Kempner LLP**) for the **Claimants**

Charles King (instructed by **AB James Solicitors**) for the **Defendants**

Hearing date: 2 December 2021

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....
HIS HONOUR JUDGE HACON

Judge Hacon :

Introduction

1.

The second claimant (“CTL”) runs a Cantonese restaurant called “China Tang” at the Dorchester Hotel in Park Lane. The restaurant features opulent decor, apparently redolent of interwar Shanghai. It was opened in 2005 by Sir David Tang, businessman, writer and raconteur, after whom the restaurant is named.

2.

As of 29 August 2005, the first claimant (“Gnat”) has been the owner of trade mark no. 2,415,093 (“the Trade Mark”) registered in respect of, among other things, “Restaurant services; catering services; cafes; cafeterias; and self-service restaurants” in class 43. It is a series mark in the following form:



3.

CTL is licensed by Gnat under the Trade Mark.

4.

The second defendant (“Mr Gu”) runs a Chinese takeaway in Barrow-in-Furness through the first defendant (“WLE”), of which he is the owner and sole director. WLE started trading in 2009 and has at all times traded under the name “China Tang”. These are images of the shop front and a sample menu:



5.

In WLE’s website pages the sign is used in the same ordinary typeface as used for the rest of the script in which the sign appears. I can treat WLE’s sign as being the words “China Tang” as opposed to a stylised version of those words.

6.

The claimants allege that the defendants have infringed their Trade Mark pursuant to s.10(2) and 10(3) of the [Trade Marks Act 1994](#) (“[the 1994 Act](#)”). The claimants also claim goodwill in their restaurant business associated with the “China Tang” name and say that the defendants’ running of their takeaway business under that name constitutes passing off.

7.

The pleaded Defence includes an assertion of honest concurrent use and there is a Counterclaim for partial revocation of the Trade Mark because of non-use insofar as it is registered for “cafes; cafeterias; and self-service restaurants” (but not restaurant or catering services).

8.

David Ivison appeared as counsel for the claimants, Charles King for the defendants.

The Witnesses

9.

Nathalie Ford gave evidence for the claimants. She is the General Manager of CTL’s restaurant business at The Dorchester. Mr Gu gave evidence for himself and WLE. Both Ms Ford and Mr Gu were good witnesses, explaining clearly the facts as they understood the facts to be.

The Average Consumer

10.

Counsel were agreed that the average consumer is a user or potential user of restaurant or catering services - in other words almost every adult and child in the UK. This broad characterisation applies whether or not the specification of the Trade Mark includes “cafes”, “cafeterias” and “self-service restaurants”, which avoids the circular difficulty there could otherwise have been in determining whether there should be partial revocation, given that the average consumer plays a role in that determination ¹.

The Counterclaim for Partial Revocation

11.

I begin with the counterclaim for partial revocation since the assessment of infringement must be carried out by reference to the specification of services as it should be.

12.

[Section 11A](#) of [the 1994 Act](#) provides:

11A Non-use as defence in infringement proceedings

(1) The proprietor of a trade mark is entitled to prohibit the use of a sign only to the extent that the registration of the trade mark is not liable to be revoked pursuant to section 46(1)(a) or (b) (revocation on basis of non-use) at the date the action for infringement is brought.

(2) Subsection (3) applies in relation to an action for infringement of a registered trade mark where the registration procedure for the trade mark was completed before the start of the period of five years ending with the date the action is brought.

(3) If the defendant so requests, the proprietor of the trade mark must furnish proof—

(a) that during the five-year period preceding the date the action for infringement is brought, the trade mark has been put to genuine use in the United Kingdom by or with the consent of the proprietor in relation to the goods and services for which it is registered and which are cited as justification for the action, or

(b) that there are proper reasons for non-use.

(4) Nothing in subsections (2) and (3) overrides any provision of section 46, as applied by subsection (1) (including the words from “Provided that” to the end of subsection (3)).”

13.

The claimants did not resist an amendment to the specification of the Trade Mark to delete “self-service restaurants” and did not argue that the Trade Mark had been put to genuine use in relation to cafe or cafeteria services. They relied, however, on the approach to a fair trade mark specification discussed by Pumfrey J in *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] RPC 17:

“[23] In my judgment, the task is best performed by asking what would be a fair specification of goods having regard to the use that the proprietor has in fact made of the mark and assuming further that he will continue that use. Mr Campbell submitted that the specification of goods should in effect be drafted from scratch to encompass only the use which the registered proprietor has made of the mark. I accept that the starting point should be a limitation to the actual field of use. The difficulty lies in deciding on the width of the surviving specification, the correct formulation of which must depend largely upon questions of fact and degree. Let me take an example to which Neuberger J. refers in *Typhoon* [*Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767]. There, the registration was (inter alia) for ‘domestic containers’. Suppose the proprietor uses the mark only on red tea caddies. How does one limit the registration? Obviously the use of the colour red is irrelevant, since it does not define a species of goods. But should the registration be limited to tea caddies? Neuberger J. thought not, since, as he put it, one should take the registration as one finds it, and it is not possible to distinguish between containers for food, containers for tea, and tea caddies. He added that he considered that to permit this kind of detailed approach to a registration leads to uncertainty and invites litigation. So he considered that the registration should remain in respect of domestic containers. I would agree wholeheartedly with this statement of the problem, but the answer must, I believe, depend upon the facts of the case.”

14.

The claimants’ submission was simply that a fair specification in the present case would include services provided by cafes and cafeterias.

15.

The defendants drew attention to the judgment of Arnold J in *Stichtung BDO v BDO Unibank Inc* [[2013\] EWHC 418 \(Ch\)](#):

“[55] In *NIRVANA Trade Mark* (BL O/262/06), when sitting as the Appointed Person, I reviewed the decisions of the English courts in *MINERVA Trade Mark* [2000] F.S.R. 734; *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] R.P.C. 17; *Daimler Chrysler AG v Alavi (t/a Merc)* [2001] R.P.C. 42; *Thomson Holidays Ltd v Norwegian Cruise Line Ltd* [2002] EWCA Civ 1828; [2003] R.P.C. 32; *West v Fuller Smith & Turner Plc* [[2003\] EWCA Civ 48](#); [[2003\] E.S.R. 44](#); *Associated Newspapers Ltd v Express Newspapers* [2003] EWHC 1322; [[2003\] E.S.R. 51](#) and *H Young (Operations) Ltd v Medici Ltd (ANIMAL Trade Mark)* [2003] EWHC 1589; [[2004\] F.S.R. 19](#). I concluded at [57] that these were broadly consistent with *ALADIN* [*Reckitt Benckiser (España) SL v OHIM (T-126/03)* [2005] ECR

II-2861], but that to the extent there was a difference I was bounded by the English authorities. I went on:

[58] I derive the following propositions from the case law reviewed above:

(1) The tribunal's first task is to find as a fact what goods or services there has been genuine use of the trade mark in relation to during the relevant period: *Decon v Fred Baker* at [24]; *Thomson v Norwegian* at [30].

(2) Next the tribunal must arrive at a fair specification having regard to the use made: *Decon v Fred Baker* at [23]; *Thomson v Norwegian* at [31].

(3) In arriving at a fair specification, the tribunal is not constrained by the existing wording of the specification of goods or services, and in particular is not constrained to adopt a blue-pencil approach to that wording: *MINERVA* at 738; *Decon v Fred Baker* at [21]; *Thomson v Norwegian* at [29].

(4) In arriving at a fair specification, the tribunal should strike a balance between the respective interests of the proprietor, other traders and the public having regard to the protection afforded by a registered trade mark: *Decon v Fred Baker* at [24]; *Thomson v Norwegian* at [29]; *ANIMAL* at [20].

(5) In order to decide what is a fair specification, the tribunal should inform itself about the relevant trade and then decide how the average consumer would fairly describe the goods or services in relation to which the trade mark has been used: *Thomson v Norwegian* at [31]; *West v Fuller* at [53].

(6) In deciding what is a fair description, the average consumer must be taken to know the purpose of the description: *ANIMAL* at [20].

(7) What is a fair description will depend on the nature of the goods, the circumstances of the trade and the breadth of use proved: *West v Fuller* at [58]; *ANIMAL* at [20].

(8) The exercise of framing a fair specification is a value judgment: *ANIMAL* at [20].

[59] I would add a point which in my judgment is implicit in most of the decisions, although not explicit, which is that it is for the tribunal to frame a fair specification and not the parties. This is not to say, however, that the tribunal is either obliged or entitled to ignore considerations of procedural justice and efficiency: see the observations of Advocate General Sharpston in *BVBA Management, Training en Consultancy v Benelux-Merkenbureau (C-239/05)* [2006] E.C.R. I-1458 at [62]-[68]. ...”

16.

The online Cambridge dictionary defines “cafe” as “a restaurant where simple and usually quite cheap meals are served” and “cafeteria” as “a restaurant (often in a factory, a college, or an office building) where people collect food and drink from a serving area and take it to a table themselves after paying for it”. Neither definition is determinative of anything but both coincide with my own perception of what “cafe” and “cafeteria” are taken to mean by an average consumer. They confirm my impression that the average consumer would consider both a cafe and a cafeteria to be a type of restaurant.

17.

It follows that deleting either term from the specification of the Trade Mark would by implication limit the scope of “restaurant services” in the specification. That would not be apparent to the public from the proposed amended specification and would be liable to mislead. More to the point, in my view “restaurant services” is not a broad term such that it would be fair to slice and dice it into subsets.

Nor was that proposed by the defendants. “Restaurant services” should be given its full meaning, which includes restaurant services provided by cafes and cafeterias.

18.

The counterclaim to limit the specification of the Trade Mark beyond the deletion agreed is therefore dismissed. I will not interfere with the agreed deletion of “self-service restaurants” even though I do not think it makes any practical difference.

Section 10(2) of the 1994 Act

19.

The dispute in relation to s.10(2) was whether there was a likelihood of confusion between the Trade Mark and WLE’s “China Tang” sign.

20.

With regard to the similarity in the services provided by each side, the defendants made the point that takeaway food services are not the same as any of the services in the Trade Mark’s specification. Restaurants, cafes and cafeterias for the most part, and often exclusively, provide their services on the premises. Catering services involve catering staff going to the customer. Takeaways, on the other hand, always require the customer to collect the food for eating off-premises.

21.

The claimants conceded that there is not an exact overlap but argued that takeaway services are very similar to those of the Trade Mark’s specification. I agree. Many restaurants offer takeaway services, in particular lower priced restaurants – pizza restaurants for instance. Also, Mr Gu said that WLE offers a delivery service, which has been true of restaurants of many types, particularly during lockdown. In fact, the claimants’ Park Lane restaurant provides what it calls “takeaway food” to the customers of private jet companies, which I think is probably best characterised as a particularly high-end delivery service. Taking all this into account, in my view WLE’s takeaway services are closely similar to “restaurant services” in the Trade Mark specification.

22.

In law the issue is whether the relevant similarities are such that there is a risk that the average consumer might believe that the WLE’s services come from the same undertaking as those of the claimants or come from an undertaking economically linked to the claimants, see *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41, at [31]-[32], discussed in *Urbanbubble Ltd v Urban Evolution Property Management Ltd* [2022] EWHC 134 (IPEC) at [53]-[54].

23.

The dominant and distinctive element of the Trade Mark consists of the words “China Tang”. That element is identical aurally to the sign and is visually similar. If the average consumer would perceive any conceptual meaning in the Trade Mark and the sign, which I doubt, it would be identical.

24.

The defendants made the following points. First, it is necessary to consider the context in which the sign is used. WLE’s takeaway business has little in common with the claimants’ Park Lane restaurant. Mr Gu said that the claimants’ restaurant provides high-end Cantonese meals to people like Kate Moss, Tony Blair and Naomi Campbell, whereas WLE provides Chinese fast food tailored to the British taste – not, it seems, ever served to Ms Moss, Sir Tony or Ms Campbell.

25.

Secondly, the defendants submitted, the sign “China Tang” has a low level of distinctiveness. This is because:

(a)

The word “China” describes the style of the food served;

(b)

The word “Tang” is a common Chinese surname;

(c)

“Tang” is also descriptive of the food served: it has a tangy flavour;

(d)

A restaurant in Torquay, unconnected to either the claimants or the defendants, trades under the “China Tang” name.

26.

Thirdly, the average consumer would select their food with a high level of attention.

27.

Fourthly – and although last in the list, this was the defendants’ main point – over the last 12 years in which the claimants’ restaurant and WLE’s takeaway have both traded there have been no instances of confusion. The defendants took me to the judgment of Arnold J in *Stichting BDO v BDO Unibank Inc* [[2013\] EWHC 418 \(Ch\)](#):

“[167] As I have said in a number of judgments, absence of evidence of actual confusion is not necessarily fatal to a claim under art.9(1)(b) . The longer the use complained of has gone on in parallel with use of the trade mark without such evidence emerging, however, the more significant it is. In the present case over eight years have elapsed without any such evidence emerging. In my judgment this is an important factor in the present case.”

28.

The defendants argued, in effect, that if there was any likelihood of confusion then instances of confusion would have emerged by now and their first three points showed why it has not happened and will not happen.

29.

In *Compass Publishing BV v Compass Logistics Ltd* [[2004\] EWHC 520 \(Ch\)](#) Laddie J considered an allegation of infringement of a trade mark under art.9(1)(b) of Council Regulation 207/2009/EC, equivalent to s.10(2) of [the 1994 Act](#):

“[22] It is frequently said by trade mark lawyers that when the proprietor's mark and the defendant's sign have been used in the market-place but no confusion has been caused, then there cannot exist a likelihood of confusion under Art.9.1(b) or the equivalent provision in the [Trade Marks Act 1994](#) (“[the 1994 Act](#)”), that is to say s.10(2). So, no confusion in the market-place means no infringement of the registered trade mark. This is, however, no more than a rule of thumb. It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the

registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place.

[23] ... the question of infringement has to be answered by assessing the likelihood of confusion were the claimant to use the mark "COMPASS" in a normal way in respect of all services covered by the registration, including ... the same specialist field the defendant operates in."

30.

The defendants' point that WLE's modest takeaway has little in common with the claimants' opulent Park Lane restaurant largely fades away if the relevant comparison includes, on the side of the Trade Mark, its use as the trading name of a low price restaurant, such as a pizza restaurant or indeed a low price Chinese restaurant, as would be the case following the principle of law explained in Compass.

31.

In *Rousselon Frères et Cie v Horwood Homewares Limited* [2008] EWHC 881 (Ch), it was argued that Laddie J's statement of the law in *Compass* was wrong and inconsistent with what the Court of Appeal had said in *O2 Holdings Limited v Hutchinson 3G Limited* [2006] EWCA Civ 1656. Warren J dismissed the argument, but on the ground that in *Rousselon* he was concerned with validity, not infringement (at [99]).

32.

O2 Holdings was considered by the Court of Appeal in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24. In his analysis of infringement under art.9(1)(b) of Council Regulation 207/2009/EC (equivalent to s.10(2) of [the 1994 Act](#)) Kitchin LJ began with some historical background:

"[78] There can be no doubt that under the [Trade Marks Act 1938](#) the statutory protection conferred by a registration was absolute. As the Court of Appeal explained in *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 R.P.C. 147 at p.161, once a mark had been shown to offend, the user of it could not escape by showing that by something outside the mark itself he had distinguished his goods from those of the registered proprietor. No doubt influenced by this long standing interpretation of domestic law, the same conclusion was reached by different judges in many cases under the [Trade Marks Act 1994](#), for example by Jacob J. in *British Sugar Plc v James Robertson & Sons Ltd* [1997] E.T.M.R. 118; [1996] R.P.C. 281; by Neuberger J. in *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] E.T.M.R. 1071; [2000] F.S.R. 767; by Pumfrey J. in *Decon Laboratories Ltd v Fred Baker Scientific Ltd* [2001] R.P.C. 17; [2001] E.T.M.R. 46; and, indeed, by me in *Julius Sämann Ltd v Tetrosyl Ltd* [2006] EWHC 529 (Ch); [2006] F.S.R. 42.

[79] The Court of Justice was not constrained in the same way, however, and in a number of cases, including *LTJ Diffusion v Sadas Vertbaudet SA* (C-291/00) [2003] E.C.R. I-2799; [2003] E.T.M.R. 83 and *Anheuser-Busch Inc v Budějovický Budvar, Národní Podnik* [2002] EWCA Civ 1534; [2003] R.P.C. 25, indicated that the court must take account of the specific circumstances of the use of the offending sign."

33.

Kitchin LJ went on to discuss O2 Holdings both in the Court of Appeal and the CJEU and referred in particular to this passage from the judgment of the CJEU (O2 Holdings Ltd v Hutchison 3G UK Ltd (Case C-533/06) EU:C:2008:339):

“[65] It is true that the notion of likelihood of confusion is the same in Arts 4(1)(b) and 5(1)(b) of Directive 89/104 (see, to that effect, *Marca Mode CV v Adidas AG* (C-425/98) [2000] E.C.R. I-4861 at [25]–[28]).

[66] Article 4(1)(b) of Directive 89/104, however, concerns the application for registration of a mark. Once a mark has been registered its proprietor has the right to use it as he sees fit so that, for the purposes of assessing whether the application for registration falls within the ground for refusal laid down in that provision, it is necessary to ascertain whether there is a likelihood of confusion with the opponent's earlier mark in all the circumstances in which the mark applied for might be used if it were to be registered.

[67] By contrast, in the case provided for in Art.5(1)(b) of Directive 89/104, the third party user of a sign identical with, or similar to, a registered mark does not assert any trade mark rights over that sign but is using it on an ad hoc basis. In those circumstances, in order to assess whether the proprietor of the registered mark is entitled to oppose that specific use, the assessment must be limited to the circumstances characterising that use, without there being any need to investigate whether another use of the same sign in different circumstances would also be likely to give rise to a likelihood of confusion.”

34.

Assessment is limited to the specific circumstances of the use of the sign; there is no mention of the specific circumstances of the use of the trade mark. Although *Compass* was decided in the era of English courts overestimating the statutory protection afforded by a registered trade mark identified by Kitchin LJ, in my judgment the principle in *Compass* remains good law for the reasons given by Laddie J. The comparison between trade mark and sign in the context of s.10(2) requires consideration of the sign only in the particular circumstances of the alleged infringement, but consideration of the trade mark as used across any part of its specification, most relevantly as used for the type of product or service closest to that of the alleged infringement.

35.

One consequence of this is that where a trade mark is used by its owner in respect of goods or services which fall into a part of the specification different from that part closest to the alleged infringing use, the difference may explain a lack of confusion in the real world. This assumes that the approach to assessing a fair specification of goods and/or services in the light of proved genuine use of the trade mark is not the same as the test for a likelihood of confusion under s.10(2). I think that it is not the same, see *Decon and Stichtung BDO* discussed above.

36.

In the present case, the likelihood of confusion is to be approached by considering the perception of the average consumer who is aware of both (a) low price restaurants trading under the Trade Mark and (b) WLE's takeaway using the “China Tang” trading name. It is to be assumed that the average consumer is also aware that low price restaurants often provide takeaway services.

37.

Before assessing the likelihood of confusion on that basis, the defendants' arguments must be taken into account. The second of them was that “China Tang” lacks distinctiveness. The word “China” is

not, as the defendants suggest, commonly used as an adjective in relation to food, but I agree that it alludes to a type of food. There was no evidential support for “Tang” being a common Chinese name, beyond an assertion to that effect in the Defence and Counterclaim. I have no idea whether it is the equivalent of Smith or Jones and cannot assume anything in that regard. I think the submission that the average consumer would take “Tang” to mean that the food is tangy has an air of desperation. I doubt that it would be so interpreted. In cross-examination Mr Gu said that “Tang” means China. It is not clear that many in Barrow would know that – there was no evidence of the size of the Chinese community and which Chinese language they spoke. Finally, Mr Gu exhibited a Google Maps image during the trial which shows a Chinese Restaurant in Torquay called “China Tang” in support of the argument that the name is not distinctive. It may or may not be the case that the owners of the Torquay restaurant are infringing the claimants’ Trade Mark but either way, that has no relevance to this case.

38.

The main point about the defendants’ allegation that its sign lacks distinctiveness is that both words of the sign must be considered as a composite whole: “China Tang”. I do not accept that it lacks distinctiveness when used for a takeaway business.

39.

The defendants’ third point was that the average consumer would select their eating houses and takeaways with particular care. I think that the amount of care taken is likely to vary hugely and I can make no assumptions. I do not believe it matters. The most likely form of confusion is a belief that WLE’s takeaway is economically linked with a restaurant trading under the Trade Mark – part of the same chain. Care in selecting your takeaway or restaurant has no real bearing on that form of confusion.

40.

The final submission by the defendants under this head was that there was no evidence of confusion over the course of 12 years simultaneous trading. I return to Compass and the rule of thumb referred to in Laddie J’s paragraph 22, quoted above. In that case the defendants had, like here, relied on a lack of evidence of confusion in support of the submission that there was no likelihood of confusion. Laddie J said:

“[26] The reason why the rule of thumb referred to above does not give a safe indication of whether there is infringement in this case is because of the nature of the parties’ respective presences in the market. They are not in competition with each other. The business consultancy field is enormous. Indeed, on the basis of the evidence before me, the logistics section of the business consultancy field is enormous. The claimant’s core activities are not in the logistics field, the defendant’s are. Furthermore, even within that field, the defendant is a very small player, as will be explained below. In those circumstances it is not surprising that there has been no confusion in the market-place. To date the claimant and the defendant trade in different parts of the market. This does not come close to imitating the notional world used for determining likelihood of confusion under Art.9.1(b).”

41.

Thus, it is important not to generalise the observation of Arnold J in para. 167 of Stichting BDO quoted above into a principle of law that he did not intend to formulate, and without having regard to the facts of each case.

42.

The differences in location and style between an upmarket restaurant in Park Lane and a modest takeaway in Barrow could well have militated against there being confusion in the real world. The section of the public who know of WLE's takeaway is likely to be confined geographically to those who live close to WLE's premises in Barrow. Mr Gu said that the delivery service extended to 2 miles from the premises, rarely 3 miles, which gives some guide, although it is not to be assumed that every person in Barrow within a 3 mile radius has heard of WLE's China Tang takeaway. Mr Gu said that WLE has a website and advertises on Facebook, but added that these are only viewed or searched by the locals, which evidence I accept. The knowledge of WLE generated by the website and Facebook are also confined to the 2-3 mile radius. It may well be that those who know of WLE have not had occasion to see the claimants' Park Lane restaurant or to seek out information about it or to read about it.

43.

It seems to me likely that the reputation of the claimants' restaurant, though certainly extending beyond Park Lane, has not extended to those who know of WLE. Similarly, the reputation of WLE has probably not reached those who know about the claimants' restaurant. That alone would explain why there has been no confusion. Even supposing there has been any overlap in knowledge about the two businesses, the difference in trading style may also have prevented confusion in the real world.

44.

However, this does not mean that there is no likelihood of confusion according to a correct application of s.10(2). Because of the aural identity of the Trade Mark and the sign, the close visual similarity between them and the close similarity between WLE's services and the restaurant services of the Trade Mark specification, in particular the services of low cost restaurants which typically offer takeaway services, I take the view that there is a likelihood of confusion.

45.

Subject to the argument on honest concurrent use, the Trade Mark has been infringed under s.10(2). Honest concurrent use may better be viewed as a consideration bound up in the analysis of infringement under s.10(2), see *W3 Ltd v EasyGroup Ltd* [2018] EWHC 7 (Ch), at [287], but it is convenient to consider honest concurrent use separately and I will do so below.

Section 10(3) of the 1994 Act

46.

The defendants alleged that the claimants' case under s.10(3) failed to satisfy four requirements of that subsection, namely (1) that the Trade Mark has a reputation in the United Kingdom, (2) that there is a link between the Trade Mark and the sign in the mind of the average consumer, (3) that use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Trade Mark and (4) that such taking advantage or detriment is without due cause.

Reputation - the law

47.

The reputation of the Trade Mark falls to be assessed at the time when use of the accused sign commenced, see *Levi Strauss & Co v Casucci SpA* Case (C-145/05) EU:C:2006:264 at [20].

48.

In *Stichting BDO v BDO Unibank, Inc* [2013] EWHC 418 (Ch) Arnold J said, not specifically in the context of s.10(3) or equivalent provision of EU law, but in respect of trade mark infringement generally (at [94]):

“Counsel for the defendants submitted that *Levi Strauss* [2007] F.S.R. 8 should be read in the light of the CJEU’s subsequent decision in *O2 Holdings Ltd v Hutchison 3G UK Ltd* (C-533/06) [2008] E.C.R. I-4231; [2008] R.P.C. 3, which requires a contextual assessment of the use of the sign, to mean that likelihood of confusion was to be judged at the date the sign in question began to be used in the particular manner and context complained of. If the defendant used the sign in a materially different manner or context at a later date, a new global assessment had to be made as of that date. I accept that submission.”

49.

This passage was relied on by the claimants and it raises the question as to what constitutes a materially different manner or context of use. I am not sure which part of the CJEU’s judgment in *O2 Holdings* Arnold J had in mind. I will in any event discuss the possibility of a material difference below.

50.

The principal guidance to the concept of “reputation” comes from CJEU judgments concerned with EU trade marks, dealing of course with a reputation in the EU as opposed to the UK.

51.

First, the threshold of a sufficient reputation is reached when the EU trade mark is known by a significant part of the public concerned by the products or services covered by that trade mark, see *Iron & Smith kft v Unilever NV* (C-125/14) EU:C:2015:539, at [17].

52.

Secondly, an important starting point is the identification of the market for the goods or services covered by the trade mark. In *Iron & Smith Advocate General Wahl* said that this ought to assume “a paramount role in the analysis” (at [17]).

53.

Thus, thirdly, the relevant public may be the public at large or a more specialised public, or example traders in a specific sector, see *PAGO International GmbH* (C-301/07) EU:C:2009:611 at [22].

54.

Fourthly, all relevant facts must be taken into account in assessing reputation, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it, see *PAGO* at [25] and *Iron & Smith* at [18].

55.

Fifthly, reputation must accordingly be assessed according to a combination of geographical and economic criteria, see *Advocate General Wahl* in *Iron & Smith* at [17].

56.

Sixthly, from a geographical perspective, the requirement of a reputation must be considered to be fulfilled when the EU trade mark has a reputation in a substantial part of the EU and such a part may, in some circumstances, correspond to the territory of a single Member State, see *PAGO* at [27] and [29]; *Iron & Smith* at [19].

57.

Fancourt J observed in *Sazerac Brands, LLC v Liverpool Gin Distillery Limited* [2020] EWHC 2424 (Ch) (upheld on appeal [2021] EWCA Civ 1207; the case under s.10(3) was not considered by the Court of Appeal) that the issue of reputation is likely to arise and be important in a case where the market is very broad but the trade mark has had only local exposure.

Reputation – this case

58.

Beginning with what Advocate General Wahl described as the paramount role in the analysis, the market for restaurant services (of every kind) covers the entirety of the UK. The relevant public includes almost every adult and child in the UK.

59.

WLE started trading in November or December 2009. The reputation of the claimants' business is to be assessed as of that time.

60.

The claimants relied on the turnover of their restaurant business and the number of customers served, promotional events and its social media presence. Only some of this was dated and I can consider only matters which were shown to have contributed towards a reputation by the end of 2009.

61.

The Park Lane restaurant opened in September 2005 and the turnover in each of the calendar years 2006 to 2009 was between 5 and 6 million pounds. The annual number of covers, i.e. customers served, in each of those years was about 70,000. Sums spent on advertising in the years 2005 to 2009 varied, the relevant figures being £25,892, £47,224, £5,304, £43,820 and £19,604. Between 2005 and 2009 the claimants provided dining vouchers worth about £17,000 to charities. The restaurant has been given press coverage and awards. By 2009 these were (i) a 2005 review in *The Caterer* review, an online publication, (ii) the *Tatler* Restaurant Award in 2006 for best room, (iii) a review in *The Scotsman* in 2007, reviews in (iv) the *Daily Telegraph* and (v) the *Evening Standard* in 2009 and (vi) entries in *Time Out Eating and Drinking Guide* and *Time Out's Hot 100* in 2009.

62.

I must consider this evidence from both a geographical and an economic aspect. As to the former, the claimants' best evidence comes from its press coverage. I have no means of knowing how many people will have read any of the articles concerned or been made aware of the awards but it is likely that a spread of individuals across the UK will have done so. On the other hand, the reputation may have been patchy, depending on the economic aspect of the evidence.

63.

With regard to the economic aspect, I am required to consider in particular the market share held by the business conducted under the Trade Mark, the intensity and duration of the use of the Trade Mark and the size of the investment made by the undertaking in promoting it.

64.

Relative to the UK restaurant business as a whole, the share conducted under the Trade Mark was tiny in 2009. The business was conducted for a little over four years before WLE started trading, but it was a single restaurant. Money was spent on advertising but the evidence did not show how this was spent. In the context of the restaurant market of the UK as a whole, the sums were very small.

65.

The upshot is that by the end of 2009 the business conducted under the Trade Mark had a reputation which satisfied the geographical aspect of the requirement but not, I think, the economic one.

66.

The overall test is whether the Trade Mark was known by a significant part of the UK public concerned with restaurant services. In my view the evidence filed by the claimants does not go far enough to show that the Trade Mark's reputation complied with that test. At the end of 2009 the Trade Mark did not have a reputation within the meaning of s.10(3).

67.

The claimants had a fall-back. Mr Gu's evidence was that his menu was uploaded on to Facebook in 2015 and that in 2016 an enterprise called Big Foodie created a website for WLE and allowed WLE to use Big Foodie's platform to offer online delivery. The claimants argued that this was use of the China Tang sign in a materially different way and so the Trade Mark's reputation had to be reassessed as of 2015 and again as of 2016.

68.

I disagree. Although WLE's use of Facebook and a website made its advertising accessible to the whole of the UK, in fact the whole world, Mr Gu's evidence indicated that the online advertising would not have been accessed by anyone outside WLE's local area, as one would expect. The only difference was that the locals could look at WLE's menu online and could order online instead of making the trip to the shop. This was not a step change in the use of the sign and in my view the change was not material.

Link

69.

There is bound to be a link in the mind of the average consumer between a trade mark and a sign if a likelihood of confusion between the two has been established, see *Intel Corp Inc v CPM United Kingdom Ltd* (C-252/07) EU:C:2008:655 at [57]. The link is established.

Unfair advantage of the distinctive character or repute of the Trade Mark

70.

In *L'Oréal SA v Bellure BV* (C-487/07) EU:C:2009:378 the CJEU said:

"[41] As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It 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."

71.

The claimants' argument under this head went no further than an assertion that WLE's takeaway traded off the back of the fame, exclusivity and prestige of the claimants' restaurant. This implies that where a claimant has a business upmarket from that of the defendant, once a link is established in the mind of the average consumer, unfair advantage must inevitably follow. I do not accept that this is what the CJEU had in mind when it spoke of a "clear exploitation on the coat-tails of the mark with a reputation." Some reason must be given by a claimant in support of the suggestion that the reputation

of the trade mark is clearly being exploited. In certain circumstances this may be self-evident. In the present case it is not. In the absence of such a reason and, were it necessary, appropriate evidence to support the reason, I find that no unfair advantage has been established.

Detrimental to the distinctive character or repute of the Trade Mark

72.

The claimants' argument under this head was that the customers of their restaurant would get the impression that it is operating a franchise of high street takeaways.

73.

The CJEU said this in *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (C-383/12) EU:C:2013:741*, discussing art. 8(5) of Regulation No 207/2009, which concerned the same issue of detriment, albeit in the context of the registration of an EU trade mark:

"[34] According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corp [Intel Corp Inc v CPM United Kingdom Ltd (C-252/07) EU:C:2008:655]* paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

[35] Admittedly, paragraph 77 of the *Intel Corp* judgment, which begins with the words "[i]t follows that", immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

[36] The wording of the above case-law is explicit. It follows that, without adducing evidence that the condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established."

...

[42] Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

[43] None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on 'an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case.'

74.

In the present case the claimants' case was based on "mere suppositions". There was no analysis, no evidence of a change in the economic behaviour of the average consumer consequent on the use of WLE's sign or evidence of a serious likelihood that such a change will occur in the future.

Without due cause

75.

Since the claimants have established neither unfair advantage nor detriment, due cause does not arise.

76.

The case for infringement under s.10(3) does not succeed.

Honest concurrent use

77.

In cross-examination Mr Gu admitted that when he chose the name for his business neither he nor anyone else did a trade mark search for “China Tang” or an internet search for restaurants of that name. Mr Gu said that he liked the name because “Tang” was the name of his mentor. He thought that Big Foodie may have conducted a search when they became involved but he knew nothing of what was done.

78.

I think that if Big Foodie did conduct either a trade mark or internet search with any degree of rigour, they would have found the claimants’ restaurant. Either they did and ignored what they had found or no such searches were carried out.

79.

I discussed the law on honest concurrent use in *Bentley 1962 Limited v Bentley Motors Limited* [2019] EWHC 2925 (Ch). The judgment went to appeal but permission to appeal on honest concurrent use was refused, [2019] EWCA Civ 1726. I said:

“[85] Although s.7 of [the 1994 Act](#) preserved the defence of honest concurrent use which had been available under the [\[Trade Marks Act 1938\]](#), there has been no express provision for any such defence in successive Trade Mark Directives. The basis for that defence in law therefore comes from the judgment of the CJEU in *Budějovický Budvar, národní podnik v Anheuser-Busch Inc* (C-482/09) EU:C:2011:605; [2012] RPC 11 and subsequent judgments based on it.

[86] The CJEU reiterated in *Budějovický Budvar* that a trade mark will be infringed only if use of the sign in issue is liable to affect the functions of the mark. The Court ruled that if there has been honest concurrent use of the accused sign, such use would not have, nor would it be liable to have, an adverse effect on the origin function of the trade mark. Honest concurrent use therefore provides a defence to infringement.

[87] Henry Carr J set out a summary of the law on honest concurrent use in *Victoria Plum Ltd v Victorian Plumbing Ltd* [2016] EWHC 2911 (Ch); [2017] FSR 17, based on the line of authorities stemming from *Budějovický Budvar*:

‘[74] The case law to which I have referred establishes the following principles:

(i) Where two separate entities have co-existed for a long period, honestly using the same or closely similar names, the inevitable confusion that arises may have to be tolerated.

(ii) This will be the case where the trade mark serves to indicate the goods or services of either of those entities, as opposed to one of them alone. In those circumstances, the guarantee of origin of the claimant’s trade mark is not impaired by the defendant’s use, because the trade mark does not denote the claimant alone.

(iii) However, the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant's goodwill.'

[88] Henry Carr J went on to consider the meaning of honesty in this context. He drew on the principles which apply in the context of s.11(2) of [the 1994 Act](#) (defences to infringement of a trade mark which apply 'provided the use is in accordance with honest practices in industrial or commercial matters') and the equivalent provisions of the Trade Mark Directive or Regulation in force at the time when the relevant authorities were decided. He summarised those principles:

"[79] In my judgment, the factors which have been considered in the context of honest commercial practices in respect of the own name defence need a degree of adaptation when considering whether 'concurrent use' is honest. In particular:

(i) The defendant has a duty to act fairly in relation to the legitimate interests of the trade mark proprietor.

(ii) All circumstances must be considered when ascertaining whether or not the use by the defendant is honest, including whether the defendant can be regarded as unfairly competing with the trade mark proprietor.

(iii) However, the question is not simply whether use of the sign complained of gives rise to consumer deception, as such deception may have to be tolerated. Similarly, the defendant may well be aware of the existence of such confusion, having lived with it for a considerable period.

(iv) The question is whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the claimant's goodwill.

(v) Whether the defendant ought to be aware that such steps will exacerbate confusion is a relevant factor.'

[89] In *W3 Ltd v EasyGroup Ltd* [\[2018\] EWHC 7 \(Ch\)](#); [\[2018\] FSR 16](#) Arnold J doubted (at [287]) that honest concurrent use provides a defence to infringement under art.9(1)(b) of Council Regulation (EC) 40/94, equivalent to s.10(2) of [the 1994 Act](#). He believed that it may be better viewed as a factor that falls into account as part of the global assessment required under art.9(1)(b), although he did not state a view as to whether this could make a material difference.

...

[91] Mr Cuddigan underlined that only in exceptional circumstances will honest concurrent use arise. In *Budějovický Budvar* the CJEU spelt this out:

'[76] ... it should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional.'

[92] There was a finding of honest concurrent use in *IPC Media Ltd v Media 10 Ltd* [\[2014\] EWCA Civ 1439](#); [\[2015\] FSR 12](#). The Court of Appeal followed *Budějovický Budvar*, which was described by Kitchin LJ (at [56]) as:

'... one of those rare cases in which the use of the mark complained of is indeed honest and that it has not had and will not have an adverse effect upon the essential function of the registered trade mark, and that is so because the guarantee of origin the mark provides is just the same as it has always been.'

[93] Mr Cuddigan also relied on more specific factors to be applied in the assessment of honest concurrent use not mentioned in the summaries of the law in *Victoria Plum*. Three of them were:

(i) whether the defendant knew of the existence of the trade mark or marks and if not, whether it would have been reasonable for the defendant to conduct a search;

(ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions; and

(iii) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object.

[94] Authority for the relevance of these three factors can be found at *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch); [2009] RPC 9 at [150]-[151] and [154]-[155], approved on appeal [2010] EWCA Civ 110; [2010] RPC 16 at [80]. See also *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1879 (Ch); [2012] FSR 7, at [118].”

80.

More needs to be said about the three factors referred to at [93] and the support for them given at [94].

81.

The defendants relied on the judgment of Arnold J in *Walton International Ltd v Verweij Fashion BV* [2018] EWHC 1608 (Ch). The claim included an allegation of trade mark infringement and there was a counterclaim for revocation and/or a declaration of invalidity of the relevant trade marks. All but one of the trade marks were revoked and the remaining trade mark was found invalid pursuant to s.5(4)(a) of [the 1994 Act](#). Arnold J nonetheless considered the arguments on infringement. The defence aside from the counterclaim was that there had been honest concurrent use. The claimants made two points in response, of which the second was that the defendant’s use of its sign had not been honest. Arnold J said:

“[213] Turning to the second point, counsel for the claimants submitted that the defendant had not discharged its duty to act fairly in relation to the legitimate interests of the trade mark proprietor. He argued that, even if the defendant had not known of UK864 until relatively recently (as I find it did not), the defendant ought to have carried out a search of the UK trade mark register before marketing its goods here.

[214] I do not accept this argument for a number of reasons. First, if a mere failure to carry out a search was sufficient to deprive a defendant of an honest concurrent use defence, that would mean that it was very rarely available. Secondly, counsel for the claimants did not say what the defendant was supposed to have done if it had carried out a search and found UK864. The logic of the argument appears to be that it should have applied for revocation prior to marketing its goods. But I do not see why a defendant should be under a duty to make such an application prior to marketing. Thirdly, the argument is inconsistent with Henry Carr J.’s analysis of the law in *Victoria Plum*. As he held, the key question is whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the claimants’ goodwill.”

82.

In *Victoria Plum Ltd v Victorian Plumbing Ltd* [2016] EWHC 2911 (Ch), Henry Carr J drew on the principles which define “honest practices” in s.11(2) of [the 1994 Act](#) to draw up a similar set of

principles which characterise honesty in the context of honest concurrent use at [75]. He referred to the judgment of Arnold J in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch). In that case Arnold J reviewed judgments of the CJEU and the Court of Appeal on the meaning of “honest practices in industrial and commercial matters” under art.12(a) of Regulation 40/94 (equivalent to s.11(2)) and set out ten reasons why the defendant had not used the accused sign in accordance with honest practices. This was the first:

“[154] First, I have found that the defendants knew of the existence of the CTM at the time that they opened the Restaurant. Furthermore, even if they had not known of it, a reasonable person in their position would have instructed their trade mark attorneys to conduct a search, and such a search would almost certainly have revealed the existence of the CTM. No evidence has been adduced that a search was conducted which failed to turn up the CTM. Despite this, the defendants made no attempt to clear CGS's use of the names Cipriani London, let alone Cipriani, with HC.”

83.

The judgment was upheld on appeal: *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2010] EWCA Civ 110. Lloyd LJ, with whom Jacob and Stanley Burton LJJ agreed, said:

“[83] It seems to me that the judge was well entitled ... to conclude, as he did, on the basis of the various cumulative factors which he enumerated, that the use by the first defendant of the sign Cipriani amounted to unfair competition with the first claimant. It could not, therefore, be justified under the proviso [to art.12(a)] ...”

84.

In *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWCH 1879 (Ch) Arnold J had to consider the meaning of “honest practices” in the context of art.6(1)(b) of Directive 2008/95/EC, equivalent to s. 11(2)(b) of [the 1994 Act](#). He ruled that honest practices was to be taken to have the same meaning as in art.12(a) of Regulation 40/94. He referred to his judgment in *Cipriani* and summarised the ten material factors (at [118]):

“i) whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable to conduct a search.

ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions;

iii) the nature of the use complained of, and in particular the extent to which it is used as a trade mark for the defendant’s goods or services;

iv) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object;

v) whether the defendant knew, or should have appreciated, that there was a likelihood of confusion;

vi) whether there has been actual confusion, and if so whether the defendant knew this;

vii) whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected;

viii) whether the defendant’s use of the sign complained of interferes with the owner’s ability to exploit the trade mark;

- ix) whether the defendant has a sufficient justification for using the sign complained of; and
- x) the timing of the complaint from the trade mark owner.”

85.

Falling back on first principles, it seems to me that had the defendant been a large enterprise with a trade mark department which diversified by opening a single takeaway in Barrow and which failed to conduct a trade mark search, it would be hard not to conclude that this failure was not in accordance with honest practices absent good reasons for the failure. That would remain true even if the failure was negligent rather than deliberate. I can see no principled reason for a cut-off related to the size of the enterprise below which such a failure remains in accordance with honest practices. Setting up even the smallest business is likely to require competent legal advice on a variety of matters and that should include the trading name. A public register of other parties’ rights is there to be consulted, in part so that those rights may be respected.

86.

I should say something about the points made in Walton at [214]. First, it may be that if a failure to carry out a trade mark search is an important factor in depriving a defendant of an honest concurrent use defence, the defence will rarely be available – I do not say that such a failure is enough without regard to any other matter. But this is consistent with the view expressed by Kitchin LJ in *IPC Media Ltd v Media 10 Ltd* [2014] EWCA Civ 1439 that instances of honest concurrent use will be “rare”. Secondly, if a party discovers a conflicting trade mark on the register it can of course seek to revoke the mark or apply for a finding that it is invalid. But the most obvious way forward is to use a different sign under which to trade. That will not generally be an onerous burden. If there are special factors that make it unreasonable, they are likely to be relevant to question of honesty. Thirdly, I am not sure that giving significance to a failure to conduct a trade mark and/or internet search is inconsistent with the judgment in *Victoria Plum*. In that case Henry Carr J apparently agreed with the factors set out in *Cipriani* and said expressly that all relevant matters must be taken into account. Exacerbation or lack of it can be a key factor and was on the facts of *Victoria Plum*, but I do not detect an intention that this should invariably overshadow other matters.

87.

I bear in mind that there are more than one factors in the non-exhaustive list in *Cipriani* and *Samuel Smith* and that Arnold J’s list has been approved twice by the Court of Appeal. That numbered (vi) would count in the defendants’ favour in this case save for the matters discussed above in relation to s.10(2) infringement. Those numbered (iv), (v) and (ix) would count against the defendants. Mr Gu did not even conduct a basic internet search for “China Tang”. Had he done so, he would likely have found the claimants’ website and/or reviews and commentary about it. Honest practices would then have required Mr Gu to obtain legal advice about the intended trading name for his business.

88.

I have sympathy for Mr Gu. But in the modern climate of easy trade mark and internet searches, I think that if a party starts to use a trading name without appropriate advice and simple searches, such use will not have been honest concurrent use without some reason why it should be taken to have been so. There was no such reason in the present case. This is not one of the rare cases of honest concurrent use contemplated by the Court of Appeal in *IPC Media*.

Passing Off

89.

The claimants' case for passing off was based on the usual three elements: (i) goodwill in their business associated with its trading name, (ii) a misrepresentation by WLE consequent upon its use of the same trading name and (iii) damage, see *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341, at 406.

Goodwill

90.

The law of passing off is more closely tied to the real world and in particular to the manner and place of trading by the claimant than is the law of trade mark infringement. For example, the goodwill of restaurants may be geographically limited, see *Caspian Pizza Ltd v Shah* [2017] EWCA Civ 1874.

91.

The defendants accepted that the claimants' restaurant business had goodwill but argued that it was confined to London. The relevant date for the assessment is the same as in relation to the reputation of the Trade Mark, see *Starbucks (HK) Ltd v British Sky Broadcasting Group plc* [2015] UKSC 31 at [16], i.e. the end of 2009. The evidence under s.10(3) of [the 1994 Act](#) also applies here and indicates that the claimants' business enjoyed goodwill stretching beyond London courtesy of the press coverage, but it was patchy goodwill which probably did not stretch into the 3 mile radius around WLE's takeaway business in Barrow.

Misrepresentation

92.

The issue on misrepresentation is whether a significant proportion of the relevant public, those who knew of the claimant's business, have also become aware of WLE's business and because of its trading name have been deceived into thinking that there is a connection in the course of trade between the two businesses. The most likely way that this could have happened is through seeing WLE's website or through social media. However, I have found that those becoming aware of WLE's name and business by such a means were within the 3 mile radius, as Mr Gu said. Moreover, there is no evidence of any deception or even evidence of any doubt about a connection between the two businesses in the minds of the relevant public, notwithstanding that the businesses have traded simultaneously for 12 years. If any members of the public have become aware of the two businesses, there is no reason to suppose that this has led to a belief that there is a connection in the course of trade between them. In my view it is likely that there has been no misrepresentation.

Damage

93.

In the absence of any misrepresentation there cannot have been any relevant damage to the claimants.

94.

The claim for passing off does not succeed.

Joint liability of Mr Gu

95.

The Particulars of Claim plead that Mr Gu is jointly liable with WLE for its acts of infringement because he has at all times been the sole director and shareholder of WLE and since about 27 November 2009 has, with his wife Xia Lin, been the owner of the freehold in WLE's business

premises. The claimants infer from this that Mr Gu is and at all material times has been the controlling mind and will of WLE.

96.

The Defence and Counterclaim admits that Mr Gu is the sole director and shareholder of WLE and fails to plead to the inference that he is its controlling mind and will (there is no general traverse).

97.

In argument the defendants referred to *MCA Records Inc v Charly Records Ltd (No.5)* [2001] EWCA Civ 1441 and in particular these observations in the judgment of Chadwick LJ:

“... the relevant enquiry is whether [the director or other officer of the company] has been personally involved in the commission of the tort to an extent sufficient to render him liable as a joint tortfeasor ...” (at [37])

and

“... the question whether the individual is liable with the company as a joint tortfeasor – at least in the field of intellectual property – is to be determined [according to whether] ... the individual ‘intends and procures and shares a common design that the infringement takes place.’” (at [51])

98.

The defendants argued that the claimants had established neither that Mr Gu was sufficiently involved in WLE’s acts of trade mark infringement nor that he intended and procured and shared a common design that those acts took place.

99.

It is not often that evidence is available to a claimant which directly proves an individual’s sufficient involvement in a tort and his mental state in that regard. In cross-examination Mr Gu came close to giving such evidence. He said that he was in charge of the business, WLE was his company and his project. If it were to change its name, he would pick the new name.

100.

In *Grenade (UK) Limited v Grenade Energy Limited* [2016] EWHC 877 (IPEC), an application for summary judgment, I said that where the individual alleged to be jointly liable is the sole director, sole shareholder and acknowledged to be a one-man company, this raises an evidential burden on the individual to show why, contrary to what one might expect, that the acts of company complained of were not initiated and controlled by the individual. In the present case I take the view that if there remains any significant gap between Mr Gu’s admissions and the two tests set out by Chadwick LJ in *MCA Records*, Mr Gu was under an evidential burden to explain why, contrary to all appearances, he did not personally select WLE’s trading name and did not personally procure WLE to use that name. In my judgment, absent such evidence and given what he did say, he is jointly liable with WLE for the acts of infringement of the Trade Mark.

Conclusion

101.

The claim for infringement of the Trade Mark succeeds under s.10(2) but fails under s.10(3). The claim for passing off is dismissed. Mr Gu is jointly liable with WLE for the acts of infringement.

¹ Although it has been said that the average consumer should not play a role, see Kerly's Law of Trade Marks and Trade Names, 16th ed., at 12-123 to 12-131, in particular 12-130.