

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO 2262365
OF THE TRADE MARK:**



IN THE NAME OF CUBANA LTD

**AND THE APPLICATION FOR A DECLARATION OF INVALIDITY
THERE TO UNDER NO 81045
BY CUBANA CAFÉ LIMITED**

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BACKGROUND

1) On 21 October 2002 Cubana Café Limited (afterwards referred to as CCL) filed an application for a declaration of invalidity of trade mark registration no 2262365 (the trade mark) standing in the name of Cubana Ltd (afterwards referred to as CL). The trade mark application was filed on 26 February 2001 and registered on 5 October 2001 in respect of:

bar and restaurant services.

The above services are in class 42 of the International Classification of Goods and Services. The specification has not been amended since registration.

2) CCL states that since May 1998 it has run a combined restaurant and bar in Waterloo, London under the name CUBANA. It states that it has owned the website www.cubana.co.uk since 20 March 1998 and has actively operated a website at this address to promote its services since early 1999. CCL states that it opened a second restaurant in 2001. It states that it has built up a substantial goodwill and reputation under the trade mark CUBANA for restaurant and bar services dating from May 1998.

3) CCL states that the trade mark is invalid under the terms of section 47(2) of the Trade Marks Act 1994 (the Act) because it was registered in breach of section 5(4)(a) of the Act as use of the trade mark is liable to be prevented by the law of passing-off. CCL requests that the registration is removed from the register of trade marks and seeks an award of costs.

4) On 10 December 2002 CL filed a counterstatement. CL states that CCL's restaurants are located in the London area and had, and have, no businesses outside the London area and hence no goodwill outside the London area or, at best, inconsequential goodwill outside the London area. CL states that it commenced its business in November 2000 and prior to being contacted by CCL had never heard of CCL's two restaurants/bars.

- 5) CL admits to the existence of the domain name referred to by CCL.
- 6) CL states that the registration is not for CUBANA alone but for a composite trade mark of a logo and the stylised word CUBANA. CL states that the logo consists of an irregular star shape in two half-colours or tones, in a light circular background, with four studs at 90 degree locations. CL states that the logo element cannot be ignored.
- 7) CL states that the Spanish word CUBANA translates as Cuban or of Cuba and denies that any person can establish notoriety in a word that is totally descriptive of Cuban theme restaurants/bars. Consequently, CL denies that CCL has “substantial goodwill and reputation under the Cubana mark in the UK for restaurant and bar services”.
- 8) CL request that the application is dismissed and seeks an award of costs.
- 9) Both sides filed evidence.
- 10) The matter came to be heard on 20 August 2003. CCL was represented by Mr Oppenheim of CCL, CL was represented by Mr Bagnoli of CL.

EVIDENCE OF CUBANA CAFÉ LTD

- 11) This consists of a witness statement by Guy Higginson dated 23 January 2003. Mr Higginson is an assistant solicitor in the firm of Jackson Parton, who act for CCL. He states that his statement is based on information and documents supplied to him by Phillip Oppenheim, who is the managing director of CCL.
- 12) CCL is a registered company which was incorporated on 25 November 1997. The company accounts for the year ending 31 December 1999 are exhibited. The accounts state that the principal activity of the company for the period under review was that of a bar and restaurant. The accounts give turnover figures for the year ending 31 December 1999 and the thirteen months ending 31 December 1998 as £473,102 and £231,674 respectively. The notes to the accounts advise that the turnover comprises the invoiced value of goods and services supplied by CCL net of VAT and trade discounts. The accounts also state that £17,399 and £25,371 respectively were spent on marketing and promotion.
- 13) CCL opened its first bar/restaurant at 48 Lower Marsh Street, London SE1 7RG under the name CUBANA in May 1998. Mr Higginson states that prior to the opening CCL engaged in substantial promotional activity using a stylised form of CUBANA with the letter C on the background of a red star. Various material is exhibited:
 - A flyer advising of the opening of the restaurant in May. This flyer advises that the restaurant will be a genuine Cuban-Latino bar-restaurant with salsa and dancing. The rear of the flyer has an application form to get a CUBANA party card.

- A flyer for the bar/restaurant, again with a CUBANA party card application form on the rear. Two special offer vouchers are also on the rear of the flyer. They are valid until 1 July 1998.
- An A4 size poster for the restaurant/bar.
- An invitation to the opening on 14 May.
- A food and a drink menu. The items listed in the food menu are written in Castellano with an explanation underneath in English.
- A manatee campaign leaflet and three flyers.

The promotional material clearly emphasises the Cuban theme of the restaurant both by word and pictures of Castro. There is clear use of the word CUBANA with the letter C on the background of a star. Sometimes the star is straight and sometimes at a more jaunty angle.

14) Articles from various publications are exhibited:

- “The Mail on Sunday” of 17 May 1998 - a piece on the opening of the restaurant.
- “South Bank News” for Summer 1998 – a piece about the restaurant which comments on the Cuban theme.
- “Footloose in London” for an unidentified date in 1998. A piece about CUBANA having joined forces with Earthwatch in its campaign to save the manatee.
- “Time Out” for 24 June to 1 July 1998. A piece in the food and drink section about CUBANA.
- “Class” for August/September 1998. It describes itself as “the magazine of ‘Cocktail Culture’”. A piece in the new bars section about CUBANA. In this piece the stylised form is shown.
- An article that Mr Higginson states is from “The Daily Telegraph” of 15 August 1998. The article is about waiters from abroad coming to Britain. In an inset there is a list of restaurants and under the heading “Fashionable London restaurants” CUBANA is mentioned.
- An article from “The Times” of 26 October 1998 about MPs who have lost their seats. Mr Oppenheim is mentioned as having lost his Amber Valley seat and subsequently setting up CUBANA. There is a photograph of the restaurant which shows the stylised star form of CUBANA on the signage.
- A review of the restaurant in “Papagaio” for Autumn 1998.

15) Invoices are exhibited for setting up the website.

16) Mr Higginson states that it was decided to extend the bar area. He states that further promotional material was produced in order to advertise the extension of the bar and that this publicity included the website address. Mr Higginson exhibits the following material:

- A copy of “Cubana News” from Spring 1999. Mr Higginson states that the leaflet is produced on a quarterly basis. This is the one item in this material which does not include the website address.

- An invitation card to the opening of the extension on 24 May 1999.
- A leaflet advertising the expansion of the bar and restaurant.
- A leaflet about coffee and other beverages which are available from 10 am.
- A postcard, for King's and St Thomas's, advertising the expansion and giving notice of special offers which are valid between April and June 1999. I assume this promotion is aimed at the staff of those hospitals.
- A post card advertising the restaurant to visitors to the Imax cinema with a special offer valid for April to June 1999.
- Food and drink menus. Again the food menu has the dishes in Castellano with explanations in English following.
- A leaflet promoting an express lunch. The leaflet has coupons which are valid until 30 November 2000.
- A leaflet promoting Cuba National Week at CUBANA for 19 -21 July 1999.

The above material uses the stylised form of CUBANA with the C on the star background.

17) Mr Higginson states that he has been advised that the accounts for the year ending 31 December 2000 have not yet been published but he has been advised that the turnover for the year was £650,000.

18) The rest of Mr Higginson's statement is submission rather than evidence of fact and so I will say no more about it.

EVIDENCE OF CUBANA LTD

Witness statement of Adrian Bagnoli

19) Mr Bagnoli is a director of CL. He completed his witness statement on 3 March 2003.

20) CL is a registered company incorporated on 7 August 2000. Mr Bagnoli states that in August 2000 CL opened its restaurant at 34, Trippet Lane, Sheffield under the name CUBANA. However, this is clearly contrary to the article referred to in paragraph 22 below from the "Sheffield Telegraph" of 25 August 2000 which states that the restaurant is due to open in October. Mr Bagnoli states that the name CUBANA was chosen by him because it denotes that the restaurant, and therefore its food, is of Cuban origin. He states that he wanted a catchy name that was easy to pronounce and one which people would associate with Cuba. Mr Bagnoli states that at the time of choosing the name he had no knowledge of the existence of CCL. He exhibits a dictionary definition of Cuba and Cuban. Mr Bagnoli lists the directors of CL as Brad Charlesworth, himself and Mr Morales.

21) Mr Bagnoli states that CUBANA is used extensively to describe items of Cuban origin. Mr Bagnoli claims that there are numerous companies that incorporate the word

CUBANA in their names. In support of this claim he exhibits five pages downloaded from the Companies House website:

- Cubanacan UK Limited. The nature of the business is described as “travel agencies etc; tourist”. The printout indicates that there was a total exemption for the last accounts.
- Cubana Airlines Holidays Limited. The nature of the business is described as “travel agencies etc; tourist”. The company was dissolved on 31 December 2002 and the last set of accounts made up to 31 December 1998.
- Cubana de Aviacion SA. This company has an address in Cuba. There is no indication as to the nature of the business.
- Cuban Limited. This company is in liquidation, it was involved in the sale of motor vehicles.
- Cubana Properties Limited. This company is listed as being non-trading and having had a “total exemption small” for filing accounts for its last financial year.

22) Mr Bagnoli exhibits a copy of the menu for his restaurant and other material showing use of CL’s trade mark. Most of the use is of the stylised form of the word, as in the registration, with the star logo above the word. The star is in two colours, red and green. Mr Bagnoli exhibits various press items about CL’s restaurant, from his comments the publications would appear to be for the Sheffield area. There are nine articles in all:

- “The Star” of 18 July 2001.
- “Sheffield Telegraph” of 3 August 2001. This article is about music being performed at CL’s restaurant.
- “Metro” of 18 September 2001. A review of the restaurant.
- “The Star” of 31 January 2001. A review of the restaurant in the food and drink section.
- “The Star” of 21 August 2001. A letter from Mr Bagnoli with a picture of the restaurant.
- “Sheffield Telegraph” of 27 July 2001. An article in the living section about the restaurant.
- “Sheffield Telegraph” of 16 November 2001. A piece in an advertising feature about going to CUBANA over the Christmas period.
- “The Star” of 28 December 2000. An article about the restaurant.
- “Sheffield Telegraph” of 25 August 2000. An article about the plans to open CUBANA which states that it is expected to open in October. The article states that the restaurant was originally going to be called Buena Vista.

23) Mr Bagnoli states that the logo and typeface were designed by a David Turner. He states that CL did not know of CCL’s logo. He states that there are businesses close to the restaurant which use a star and that the flag of Cuba also has a star in it.

24) Mr Bagnoli states that it was decided in February 2001 to register the trade mark. He states that this was to protect CL’s goodwill and any future investment in advertising and promotion. He states that CCL had no intention to register a trade mark until it became

aware of CL's restaurant. Mr Bagnoli exhibits pictures of the restaurant to show its colour scheme as well as a printout from CCL's website.

25) Mr Bagnoli refers to the menu he has exhibited and its difference to that of CCL.

26) Mr Bagnoli states that he had never encountered any promotional materials produced by CCL prior to these proceedings being launched. He exhibits postcards used in Sheffield to promote CL's business. Three of them bear dates which indicate that they were used for promotions between November 2000 and January 2001. He states that CL has never seen the press articles that CCL has produced and was not aware of CCL's domain name. He states that the other directors of CL and Mr Turner have confirmed that that they were not aware of CCL, its website, its promotional material and the press articles referring to it.

27) Mr Bagnoli exhibits a letter from Jackson Parton, dated 20 February 2002, to Mr Morales of CL advising him that it considers that use of the name CUBANA amounts to passing-off. He also exhibits the reply from Woskow Brown, dated 31 May 2002; this letter also refers to CL's trade mark registration and threatens infringement action if CCL does not withdraw its allegation of passing-off.

28) The rest of Mr Bagnoli's statement represents submission rather than evidence of fact and I will say no more about it.

Witness statement of Brad Charlesworth

29) Mr Charlesworth is a director of CL. He states that he was not aware of the existence of CCL until CL received correspondence from its solicitors in May 2002.

30) Most of Mr Charlesworth's statement either rehearses what Mr Bagnoli has stated or is submission. I do not see that anything will be served by recording such matter. He exhibits various material showing CL's trade mark in use and also comments upon the style of the restaurant.

Witness statements of David Turner and Martin Middleton

31) These statements deal with the design of the star logo and how it came about. Both witnesses state that they had no knowledge of CCL's business.

EVIDENCE IN REPLY OF CUBANA CAFÉ LIMITED

Second witness statement of Guy Higginson

32) A large part of the witness statement is submission and/or a critique of the evidence of CL. This is not evidence of fact and I will say no more about it.

33) Mr Higginson states that CL decided to apply to register the trade mark following a conversation between Mr Phillip Oppenheim, of CCL, and Mr Kito Morales, of CL. Mr Higginson states that a friend of Mr Oppenheimer, Ms Lesley Player, had visited Nottingham during the third week of February 2001 and heard someone mention a bar called CUBANA in Sheffield. She then told Mr Oppenheim about this. Ms Player has completed a witness statement and I give details of it below.

34) Mr Higginson states that Mr Oppenheim then telephoned Mr Morales. As Mr Oppenheim and the company secretary have submitted witness statements I will deal with what is stated by them directly, below, rather than through the hearsay of Mr Higginson. Mr Higginson exhibits a copy of a letter from Mr Oppenheim to Mr Morales dated 1 March 2001. The letter asks Mr Morales to stop using the name CUBANA or anything similar in relation to his restaurant.

35) Mr Higginson exhibits two e-mails sent to Mr Oppenheim. The first, dated 18 April 2002, is from a Steve Crawley and is headed "DCS company day". Mr Crawley writes:

"Hi Phillip thanks for your interesting input at our recent company day event given we have a Cubana in Sheffield I would be interested in taking up your offer of a discount. You can contact me through my E Mail address or Home address 8 Den Bank Close Crosspool Sheffield S10 5PA Thanks again Phillip hope to hear from you soon."

The second, dated 25 April 2002, is from Helen Williams and is headed "Cubana complimentary vouchers". Ms Williams writes:

"Dear Philip,
At a recent conference (Derbyshire Careers Services-@ Pride Park) you kindly offered the above vouchers. I write to request these so that myself and husband could try out your establishment. We live in Sheffield and believe you have a Cubana there?
Thank u very much for your generosity"

It would appear from the heading "DCS company day" in the first e-mail and the reference to Derbyshire Careers Service in the second, that both writers attended the same event at which Mr Oppenheim was present.

Witness statement of Lesley Player

36) Ms Player is a teacher. She states that whilst in Nottingham during the third week of February 2001 she bought a poster of Che Guevara as a present for Mr Oppenheim. She states that at the time he was in the process of opening a second bar/restaurant in Paddington and thought that the poster would be a nice present. She states that whilst standing in the queue to purchase the poster she spoke to a student who was buying it for a friend in Sheffield who was opening a bar named CUBANA. The following day, when she returned from Nottingham, she told Mr Oppenheim about her conversation.

Witness statement of Phillip Oppenheim

37) Mr Oppenheim refers to a friend, who is presumably Ms Player, buying the Che Guevara poster and telling him that she had been told that someone was opening a restaurant in Sheffield named CUBANA. He states that during the third week of February 2001 he telephoned CUBANA in Sheffield and spoke to Mr Morales. Mr Oppenheim states that his colleague, Catherine Owst, was present during the telephone conversation.

38) Mr Oppenheim states that he told Mr Morales that CCL had been trading for three years and that CL should desist from using the name CUBANA. Mr Oppenheim states that Mr Morales did not deny knowledge of CCL but said that he was not prepared to stop using the name CUBANA. He states that the telephone conversation ended with him advising Mr Morales that he would seek legal redress if CL did not stop using the name CUBANA. Mr Oppenheim mentions the letter which is referred to in paragraph 31.

Witness statement of Catharine Owst

39) Ms Owst is the company secretary of CCL. She states that she was in the office when Mr Oppenheim telephoned Mr Morales and that this was some time during the third week of February 2001. Ms Owst states that she recalls Mr Oppenheim telling Mr Morales that CCL had been trading under the name CUBANA for some time and believed that the use of this name by CL was an infringement of its rights. She states that she recalls Mr Oppenheim telling her that Mr Morales had been slightly aggressive and had said that his CL would not stop using the name CUBANA.

DECISION

40) The relevant parts of the Act in relation to invalidity are sections 47(2 – 6) which read as follows:

“(2) The registration of a trade mark may be declared invalid on the ground-

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that -

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

41) I also need to consider section 48(1) of the Trade Marks Act 1994 which states:

“Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-

- (a) to apply for a declaration that the registration of the later trade mark is invalid,
- or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.”

42) The trade mark has not been registered for five years and so there is no issue of acquiescence.

Section 5(4)(a) – passing-off

43) Section 5(4)(a) of the Act states that a trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented 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. In this case the rule of law relied upon by CCL is the law of passing-off.

44) I intend to adopt the guidance given by Mr Geoffrey Hobbs QC, sitting as the appointed person, in the *Wild Child case* [1998] 14 RPC 455. In that decision Mr Hobbs stated that:

"A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] ACT 731 is (with footnotes omitted) as follows:

"The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."

..... Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that; "To establish a likelihood of deception or confusion in an action for passing-off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

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

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

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

Relevant date

45) It is well established that the relevant date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2003] EWCA Civ 1132). In this case there has been use of CL’s trade mark, in the form in which it has been registered and for the services for which it has been registered. However, CL’s business was firmly in Sheffield and CCL’s in Waterloo, London. (This is a matter I deal with in more detail below.) This distance in the location of the goodwill of CCL’s business and where CL’s business took place, leads me to the conclusion that the use of CL’s trade mark in Sheffield could not, at least up to the date of the filing of the application for registration, have led to a successful passing-off action by CCL. Where an action for passing-off might succeed is when rights were claimed across the United Kingdom, by the filing of the application for registration. Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark”.

The relevant date cannot, therefore, be later than the date of the application for registration. In these circumstances I consider that the relevant date is the date of the filing of the application, 26 February 2001.

Goodwill

46) Goodwill, often referred to as reputation, is “the attractive force which brings in custom” (Lord Macnaghten in *Commissioners for Inland Revenue v. Muller* [1901] AC 217). CCL has to establish that it has a goodwill. Pumfrey J in *South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 commented on the nature of evidence before the registrar:

"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are

considerably more stringent than the enquiry under s 11 of the 1938 Act (see Smith Hayden (OVAX) (1946) 63 RPC 97 As qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date."

47) The evidence to establish goodwill comes from Mr Higginson. This is somewhat unfortunate. Mr Higginson is not involved in the business of CCL, other than acting as its legal representative. Mr Higginson's evidence is second hand, it is hearsay. Mr Oppenheim has given evidence but not about matters that establish goodwill. I do not readily understand why Mr Oppenheim could not give the evidence relating to the business of CCL. However, Mr Higginson's evidence is supported by corroborative evidence in the form of company accounts, press articles and publicity material. It would have been helpful to know how many leaflets/flyers were printed and where they were distributed. It would also have been helpful to know approximately how many customers visited the business each week. However, from what I have before me, I consider that it would be captious to deny that as of 26 February 2001 CCL had a goodwill for a Cuban themed bar/restaurant which trades under the name CUBANA and also uses as a sign the word CUBANA with the letter C on the background of a red star. The business at the relevant time was based solely in premises near Waterloo Station. Some of the evidence indicates that the bar/restaurant was publicised on the Southbank and the Imex cinema. Consequently, it is quite possible that it would have been known to visitors to London. This might be suggested also by the proximity to Waterloo Station. It is also likely that workers in the area might visit the premises, hence the flyers for the two hospitals. However, I have no idea of how widespread any such reputation would spread. CCL has a website. I have no information as to the usage of the website. Bars/restaurants have, in my experience, a reasonably local clientele. The nature of the business is such that there is a limit to how far one would travel to satisfy one's hunger. In *Euromarket Designs Inc v Peters and Crate & Barrel Ltd* [2001] FSR 20 Jacob J dealt with the issue of Internet usage:

"In 800 Flowers I rejected the suggestion that the website owner should be regarded as putting a tentacle onto the user's screen. Mr Miller here used another analogy. He said using the internet was more like the user focusing a super-telescope into the site concerned; he asked me to imagine such a telescope set up on the Welsh hills overlooking the Irish Sea. I think Mr Miller's analogy is apt in this case. Via the web you can look into the defendant's shop in Dublin. Indeed the very language and the Internet conveys the idea of the user *going to* the site--"visit" is the word. Other cases would be different--a well-known example, for instance, is Amazon.com. Based in the U.S. it has actively gone out to seek world-wide trade, not just by use of the name on the Internet but by advertising its business here, and offering and operating a real service of supply of books to this country. These defendants have done none of that."

(The reference to 800 Flowers is to *800-Flowers Trade Mark* FSR 697 where Jacob J stated:

“a fishmonger in Bootle who put his wares and prices on his own website, for instance, for local delivery can hardly be said to be trying to sell the fish to the whole world or even the whole country. And if any web surfer in some other country happens upon that website he will simply say "this is not for me" and move on. For trade mark laws to intrude where a website owner is not intending to address the world but only a local clientele and where anyone seeing the site would so understand him would be absurd. So I think that the mere fact that websites can be accessed anywhere in the world does not mean, for trade mark purposes, that the law should regard them as being used everywhere in the world. It all depends upon the circumstances, particularly the intention of the website owner and what the reader will understand if he accesses the site. In other fields of law, publication on a website may well amount to a universal publication, but I am not concerned with that.”)

Owing to the nature of the service I consider that the website would do little to assist CCL. It is not on all fours with the fishmonger in Bootle. Someone, for example, visiting London might search the web for a Cuban style restaurant. However, the business is not one that actually does anything beyond its premises. The presence of a website says little in itself anyway. The effectiveness of a website will depend on such matters as publicity, metatags and links from other websites. In the absence of any detailed evidence about the website, including location of visitors, it does not assist CCL.

48) Taking into account the above, and all the evidence before me, I have come to the conclusion that at the relevant date the goodwill of CCL, that attractive force, is geographically limited. The problem I have is that it is difficult on the basis of the evidence to decide the bounds of that limit. There is no evidence of the customer profile. There are the press articles referred to in paragraph 11 but in themselves they tell me little. They do not tell me what the reaction of the reader was. Firstly, someone would have had to have bothered to read them. Secondly, they would have to have remembered the name and/or the name and logo. If the person does not live near the restaurant, does not visit London, is not interested in the type of experience offered, he or she is not likely to fix the name in his or her mind. So I am stuck with the problem with having decided that there is a goodwill but with having difficulty as to how far it extends. London is rather a large city and people in one area do not necessarily travel to other areas to eat, or do anything. There seems to be an absence of press advertising and as I have said above no indication of where the flyers were distributed. In the end I have not been able to come to a clear conclusion, owing to the nature of the evidence. There is a goodwill which radiates out from the premises but cannot, on the evidence, be taken to extend a great distance from its centre. Certainly, the evidence does not convince me that at the relevant date the attractive force radiated out as far as Sheffield or South Yorkshire.

Deception/confusion

49) CL claims that the CUBANA element of its trade mark and of CCL lacks distinctiveness. The issue of the distinctiveness of a sign is of importance in a passing-off action. Mr John Randall QC., sitting as a Deputy Judge of the High Court, in *Radio Taxicabs (London) Limited v. Owner Drivers Radio Taxi Services Limited* (12 October 2001) considered various case law in relation to this issue:

“The leading case is of course the decision of the House of Lords in *Office Cleaning Services -v- Westminster Window and General Cleaners* (1946) 63 RPC 39. The principal speech is that of Lord Simonds, with whom all three of the other judges expressly agreed. The whole speech repays reading but it includes the following passages:

... I think it convenient to state the question which your Lordships have to decide. I will begin with a negative. The question is not whether a trader who has chosen to incorporate in his trading style words which are descriptive of the services he performs cannot as a matter of law succeed in a passing-off action based on the use by another trader of a trading style which, by reason of the incorporation of those words, is calculated to deceive, unless he establishes by evidence that such words have acquired a secondary meaning or have ceased to be descriptive of the services rendered. (page 41 lines 45-52)

It is not a condition of success in the supposed action that the Plaintiffs should establish that the words in dispute had acquired a secondary meaning. (page 42 lines 6-7)

The real question is the simple and familiar one. Have the Appellants proved that the use by the Respondents of the trading style *Office Cleaning Association* is calculated to lead to the belief that their business is the business of the Appellants? (page 42 lines 8-10)

... in the case of trade names the Courts will not readily assume that the use by a trader as part of his trade name of descriptive words already used by another trader as part of his trade name is likely to cause confusion and will easily accept small differences as adequate to avoid it. (page 42 lines 28-31)

... the Appellants do not claim that the words *Office Cleaning* have acquired a secondary meaning, by which I understand them to mean that they do not claim that these words mean a service of cleaning offices as rendered by them and them alone. Such a claim would indeed be impossible to maintain. But, while making this disclaimer, they nevertheless contend that as a trade name office cleaning is so much identified with their business that any trader who ventures to use these words as part of his trade name must clearly differentiate. This seems to me to be no more than a restatement of the familiar problem. The Court will undoubtedly take into consideration long user of a descriptive name but will not forget that, since it is descriptive, small differences may suffice. (pages 42 line 48 to page 43 line 4)

So long as descriptive words are used by two traders as part of their respective trade names, it is possible that some members of the general public will be confused whatever the differentiating words may be. I am ready to believe that in this case genuine mistakes were made. I think they ought not to have been made. In the *Vacuum Cleaner* case it appeared that ninety per cent of its customers had addressed the Plaintiffs, the *British Vacuum Cleaner Coy., Ltd.* from using the words *vacuum cleaner* in conjunction as part of its registered or other name. So in *Turton -v- Turton* (42 Ch. D 128) the possibility of blunders by the general public was held not to disentitle the defendant from trading in his own name though the plaintiff had longed traded in the same name. It comes in the end, I think, to no more than this, that where a trader adopts words in common use for his trade

name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the general public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered. (page 43 lines 21-37)

[56] In *Cellular Clothing Co v Maxton* [1899] AC 326 Lord Shand pointed out that the consequence of a claimant establishing a distinctive reputation in words which are in ordinary usage would be to give that claimant a right more valuable than a trade mark, being unlimited in point of time. He went on to say (at 340) - That being so, it appears to me that the utmost difficulty should be put in the way of anyone who seeks to adopt and use exclusively as his own a merely descriptive term.”

50) More recently Laddie J in *Associated Newspapers Limited and others v Express Newspapers* [2003] EWHC 1322 (Ch) was faced with the issue:

“25. The jurisprudence to the effect that it is difficult if not impossible to succeed in a passing off action where the mark relied on is descriptive is based on the principle that no trader should be allowed to secure a monopoly over words which customers would regard not as an indication of origin but as merely descriptive of the type of goods or services being offered and which, for that reason, other traders are likely to want to use. Where a mark possesses the ability to convey to the customer an indication of a particular trade origin for goods made available under it, it can be protected by passing off proceedings.”

CL’s claim is primarily based on assertion. It refers to the records of Companies House. Of the five printouts only three of the company names use CUBANA. One company, Cubana Airlines Holidays Limited, is dissolved and Cubana Properties Limited is a non-trading company. Cubana de Aviacion SA has an address in Cuba. There is no indication that any of these concerns are involved in the restaurant trade. There is nothing to show any use of the word CUBANA in trade in the United Kingdom. CL produces an English dictionary definition of Cuban. The word in question is CUBANA. It would have been more useful if CL had produced references from a Castellano dictionary. However, accepting that CUBANA is the Castellano for Cuban where does that lead? Clearly the word will allude to Cuba for a lot of people who have no knowledge of Castellano. This is not the same as saying that it lacks distinctiveness. It might not be the most imaginative name for a Cuban style/themed restaurant but there is nothing that states that trade marks have to be imaginative. It is clearly an advantage for a restaurant to give some indication of the type of food that it sells. I do not consider that CUBANA is devoid of distinctive character as a name for a bar or restaurant, whether serving Cuban cuisine and drinks or not. I base this on what I consider would be the reactions of the average person in the United Kingdom. Even a former resident of Spain, as I am, has no problem with the issue of distinctiveness of the word for restaurant services with a Cuban theme in the United Kingdom.

51) CL comments on the different décor, menu and general get-up of its restaurant to that of CCL. This is all extrinsic to its registered trade mark. I have to consider normal and fair use of its trade mark for the specification as registered. Even if this were not the case I do not consider that the argument of CL has much force. These are both restaurants which try and create a “Cuban atmosphere”. They sell Cuban based foods and drinks. They both have live Latin music. The basic similarities far outweigh design of menus and the colour that the restaurant is painted outside.

52) Sometime has been spent in the evidence as to how CL hit upon the name CUBANA. If it had been the intention of CL to pass itself off as, or as being connected or associated with, CCL, such an intention would be of importance (see *Radio Taxicabs (London) Limited v. Owner Drivers Radio Taxi Services Limited*). Mr Higginson speculates in his second statement as to why CL should have known of CCL. There is, however, no evidence to show that CL would have had knowledge of CCL or that it wished to pass itself off as or being connected with CCL. In fact the opposite is the case. There are several witness statements from persons involved with CL stating that it had no knowledge of CCL’s business when it opened its restaurant. CCL has not countered these statements, nor called the witnesses for cross-examination. So they must stand as representing the true state of affairs.

53) A passing-off claim does not depend on a nefarious intent. Lord Parker in *Spalding v Gamage* [1915] 32 RPC 273 says:

“This principle is stated by Turner LJ. in *Burgess v. Burgess* ... and by Lord Halsbury in *Reddaway v. Banham* ... in the proposition that nobody has any right to represent his goods as the goods of somebody else. I prefer the former statement, for whatever doubts may be suggested in the earlier authorities, it has long been settled that actual passing off of a defendant's goods for the plaintiff's need not be proved as a condition precedent to relief in Equity either by way of an injunction or of an inquiry as to profits or damages ... Nor need the representation be fraudulently made.”

54) On the basis of the evidence I conclude that CL hit upon use of the name CUBANA innocently. (It is after all not an invented word and it is one that gives an allusion to the services provided.) However, the use of CL’s trade mark in innocence is not a defence. I just have to consider whether use of the trade mark would be liable to be prevented by the law of passing-off.

55) At the hearing Mr Oppenheim stated that CL made the application after he had written to Mr Morales at Cubana’s address and telephoned him. Mr Bagnoli, at the hearing, stated that CL did not know of CCL until May 2002. The problem with this is that there are witness statements to a different effect which have not been challenged. It would have been easy enough for Mr Morales to prepare a statement denying the claim of Mr Oppenheim. I note that the letter was headed to Mr Morales, with no reference to the restaurant name. The copy of the letter that Mr Oppenheim exhibits is dated 1 March 2001, so it was sent after the filing of the application. Mr Charlesworth, who signed the

application form for registration, states that he did not know of the existence of CCL until May 2002. This is in a witness statement which has not been challenged and so must stand as a true indication of his state of knowledge. So on the basis of the evidence before me I must draw the conclusion that two of the directors of CL, including the one who signed the application, form did not know of CCL at the date of the filing of the application and that one, Mr Morales, did.

56) The filing of the application by Mr Charlesworth was not motivated by knowledge of CCL but that does not deny the fact that one of the directors of CL had heard of CCL. However, what does that knowledge amount to? One telephone conversation from Mr Oppenheim in which Mr Morales was told that CL should cease using the name of its restaurant. This was hardly proof of any rights that Mr Oppenheim claimed. This was followed up, after the filing of the application, by a letter that Mr Morales might or might not have got but again which had no evidence of the claimed goodwill. Then there was a long hiatus in any action by CCL. Consequently, I am not of the view that this knowledge of one of the directors of the unsubstantiated claims of Mr Oppenheim has a great effect on the outcome of the case. Especially as I have to accept that the original coining and use of the name CUBANA by CL was done without any knowledge of CCL's restaurant.

57) Mr Higginson has exhibited two e-mails as evidence of confusion. They tell me nothing about what the position would have been at the relevant date. They were clearly inspired by a visit by Oppenheim to an event, presumably around April 2002, and so represent the perception of the writers at that time, a perception directly linked to Mr Oppenheim's visit. They tell me nothing about the position at or before 26 February 2001. The knowledge of CCL's business and the confusion with the business of CL would appear to have arisen solely because of Mr Oppenheim's visit to the event well after the relevant date. These e-mails have had no effect on my deliberations. (The e-mails do tell me that CL's restaurant was known to the writers, but again this is well after the relevant date and so is not germane to this case.)

58) In this case the trade mark of CL is for *bar and restaurant services*. CCL uses the sign CUBANA with the letter C on the background of a star. If one was recommending the restaurant it would be by the name CUBANA. The word CUBANA is how the restaurants will be remembered. Both undertakings use a star in their get-up, perhaps not surprisingly owing to the relationship between the star and communist regimes. CL comments on the colours of its star. However, the trade mark is not limited by colour. Even if it were I cannot see that it would make any difference. The trade mark encompasses identical services to those conducted by CCL and it is actually used for services with a Cuban theme/taste. I have no doubt that seeing the trade mark of CL that the public would consider that CCL was responsible for the quality of the services provided in connection with that sign. There would be deception/confusion.

Damage

59) Despite the fact that CL has traded this is still very much a quia timet action, what would have happened if CL had opened a restaurant under its trade mark in the area of CCL's goodwill? In such a case I have no doubt that certain of the classic causes of damage would occur:

- Diverting trade from CCL to CL.
- Potentially injuring the trade reputation of CCL if the food and service were not as good as that provided by it.
- By the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly regarded as being connected with that business.

(See *Habib Bank Limited v Habib Bank AG Zurich* [1982] RPC 1)

Local nature of the goodwill of CCL

60) CCL did not at the relevant date have a nationwide goodwill. CL has operated from one set of premises in Sheffield. The issues of local goodwill are dealt with exhaustively in *Chelsea Man Menswear Ltd v Chelsea Girl Ltd* [1987] RPC 189.

61) This is a national registration and CL has not requested that, as per rule 24 of The Trade Mark Rules 2000, that it should be limited geographically in any way. I have no power to limit the trade mark in suit geographically. Article 13 of the Trade Marks Directive relates to limitations of goods and services. Nourse LJ's comments in *Chelsea Man Menswear Ltd v Chelsea Girl Ltd*:

“It is this last consideration which distinguishes men's clothing from evening newspapers and restaurants and, no doubt, other cases where it has been held that a trader with no more than a local reputation is not entitled to an injunction to prevent passing off outside the locality. It is important to emphasise that, in each of those cases, the plaintiff failed to establish a cause of action, either because his reputation was inherently local or, which may come to the same thing, because there was no real likelihood of confusion outside the locality. Here the contrary is established, not only by the nature of the goods themselves but by the essential facts of the case. It is not one where either the reputation or the likely confusion is truly local.”

This strikes me as obiter dictum, something said in passing, and so not binding, rather than ratio decidendi, the reason for the decision. (The vast majority of the decision is given by Slade LJ.) However, it can be persuasive. There is no evidence to suggest, despite the opening of a second restaurant, that there are plans for CCL to run a chain of restaurants or to develop a franchise. As Nourse LJ indicates the nature of eating establishments is that they are very localised. There are of course some that are parts of chains. However, in my experience the vast majority of restaurants are firmly located in one location and in the majority cases in one set of premises. On the basis of the facts of

this case I consider that if CL's trade mark was geographically limited so that it does not impinge upon the rights of CL it could stay upon the register. I do not for instance see that if CL's trade mark was limited to the city of Sheffield that CCL could claim that at the relevant date that it would have suffered or was really likely to suffer substantial damage to its property in goodwill (see Lord Fraser in *Erven Warnink BV v J Townend & Sons (Hull) Ltd*). It would have not been damaging or taking advantage of the attractive force of CCL that brings customers in.

62) Section 13 of the Act states:

“(1) An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may –

(a) disclaim any right to the exclusive use of any specified element of the trade mark,

or

(b) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation;

and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by section 9 (rights conferred by registered trade mark) are restricted accordingly.

(2) Provision shall be made by rules as to the publication and entry in the register of a disclaimer or limitation.”

Rule 24 of the Trade Marks Rules 2000 states:

“Where the applicant for registration of a trade mark or the proprietor by notice in writing sent to the registrar -

(a) disclaims any right to the exclusive use of any specified element of the trade mark,

or

(b) agrees that the rights conferred by the registration shall be subject to a specified territorial or other limitation,

the registrar shall make the appropriate entry in the register and publish such disclaimer or limitation.”

63) Consequently, the registration could be territorially limited in such a way that it would not clash with the rights of CCL. This has not been done and as I have stated above I have no powers to territorially limit the rights of the registration; only the registered proprietor can do this. There is also the problem of the extent of the goodwill of CCL and the extent of the interests of CL. What should the extent of any limitation be? However, despite these difficulties I consider that a reasonable and fair outcome to the proceedings would be for a territorial limitation that resolved the problem. The evidence of CL shows use in Sheffield and the impression I gained from Mr Bagnoli at the hearing was that CL wished to preserve its rights

there. To try and resolve the problem I have decided that if CL file within one month of the expiry of the appeal period from this decision a territorial limitation to its trade mark in the following terms:

All rights in this trade mark are limited to the County of South Yorkshire.

64) If no limitation is received in this time the registration will be declared invalid and removed from the register and, in accordance with section 47(6) of the Act, be deemed never to have been made. (If an appeal is filed the period for filing the condition will be one month from the final determination of the case, if the appeal is unsuccessful.)

65) If the limitation is received within the time set, the registration will be invalid in respect of the rest of the United Kingdom and will be deemed never to have been made in respect of the rest of the United Kingdom

66) Cubana Café Limited having been successful it is entitled to a contribution to its costs. I order Cubana Ltd to pay Cubana Café Limited the sum of £1400. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 9th day of September 2003

David Landau
For the Registrar
the Comptroller-General