

TRADE MARKS ACT 1994

**IN THE MATTER OF AN APPLICATION NO. 2509033 FOR
REGISTRATION BY NISA-TODAY'S (HOLDINGS) LIMITED**

**AND IN THE MATTER OF AN OPPOSITION UNDER NO.
99313 BY WM MORRISON SUPERMARKETS PLC**

**AND IN THE MATTER OF AN APPLICATION FOR A
DECLARATION OF INVALIDITY OF REGISTRATIONS NOS.
2437925 and 2244532A IN THE NAME OF WM
MORRISON SUPERMARKETS PLC BY NISA-TODAY'S
(HOLDINGS) LIMITED**

**APPEAL OF THE APPLICANT FROM THE DECISION of
MRS A CORBETT DATED 27 JANUARY 2011**

DECISION

1. This is an appeal against a decision of Mrs Ann Corbett, the Hearing Officer for the Registrar, dated 27 January 2011, BL O/022/11, in which she ruled on the opposition to the registration of the stylised 'Fresh Go' mark set out below. The applicant was Nisa-Today's (Holdings) Ltd ("NISA") and the opponent Wm Morrison Supermarkets plc ("Morrisons"). NISA sought a declaration that two earlier 'Fresh To Go' marks owned by Morrisons (one of which it relied upon for the opposition) were invalid, and Mrs Corbett also dealt with that application. This appeal does not challenge the substantive findings made by Mrs. Corbett in respect of either the invalidity or the opposition proceedings, but challenges her ruling as to the costs of those proceedings.

Background

2. On 18 February 2009, NISA applied to register the stylised mark set out below, for a wide specification of goods in Classes 29, 30, 31 and 32:

FreshGo

Class 29:

Food and drinks products, foodstuffs and drinks, ingredients thereof and supplements therefore, including: meat, fish, seafoods, poultry and game; meat, fish, vegetables and fruit extracts; preserved, dried and cooked fruits and vegetables; extracts of fruit and/or vegetables; meat products; sausages; prepared meals; snack foods; jellies, jams, fruit preserves, vegetable preserves; sauces; desserts; eggs; milk; dairy products; yoghurt; frozen yoghurt; edible protein derived from soya beans; edible oils and fats; nuts and nut butters; pickles; herbs; tofu; weed extracts for foods; food spreads consisting wholly or substantially wholly of vegetables, milk, meat, poultry, fish, seafoods or of edible fats; soups; bouillons; vegetable salads; fruit salads; fruit chips; vegetable chips; potato chips; potato crisps

Class 30:

Food and drinks products, foodstuffs and drinks, ingredients thereof and supplements therefore, including: coffee, coffee essences, coffee extracts; mixtures of coffee and chicory, chicory and chicory mixtures, all for use as substitutes for coffee; tea, tea extracts; cocoa; preparations made principally of cocoa; chocolate; chocolate products; sugar, maltose, rice, tapioca, sago, couscous, tabbouleh; flour and preparations made from cereals and/or rice and/or flour; nut paste, confectionery and candy, breakfast cereals; pastry; pizza, pasta and pasta products; bread; bread products; biscuits; cookies; cakes; ice, ice cream, water ices, frozen confections; preparations for making ice cream and/or water ices and/or frozen confections; honey; syrup, treacle, molasses; sauces and preparations for making sauces; custard powder; prepared meals; mousses; desserts; puddings; yeast, baking powder; salt, pepper, mustard; vinegar; chutney; spices and seasonings; meat pies; mayonnaise; natural sweeteners; salad dressings; snack foods; sandwiches; sushi 3

Class 31:

Agricultural, horticultural and forestry products and grains not included in other classes; fresh fruit and vegetables; seeds, natural plants and flowers; foodstuffs for animals; malt.

Class 32:

Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages; vegetable preparations for use as drinks.

3. A notice of opposition was filed by Morrisons based on its earlier trade mark registration no. 2437925, a series of two marks registered with effect from 6 November 2006. The marks were

FRESH TO GO

fresh to go

and that registration was for the following specification of goods:

Class 29

Foodstuffs and drinks; food and drink products; ingredients thereof and

supplements therefor

Class 30

Foodstuffs and drinks; food and drink products; ingredients thereof and supplements therefor

Class 31

Fresh fruit and vegetables; nuts, herbs and seeds; natural plants, flowers and grasses; foodstuffs for domestic pets; cat litter; malt; supplements for animal foodstuffs.

4. The opposition was based upon sub-section 5(2)(b), in respect of all of the goods in NISA's application. In addition, Morrisons relied upon sub-sections 5(3) and 5(4)(a) of the Act, claiming a reputation/goodwill in respect of a narrower range of goods, which were (broadly speaking) foodstuffs and drinks, and food and drink products and ingredients in classes 29 and 30, fresh fruit and vegetables and nuts in class 31 and drinks and juices in class 32.

5. In addition to filing a counterstatement, NISA filed applications for a declaration of invalidity against two of Morrisons' registrations, not only no. 2437925, upon which the opposition was based, but also an earlier registration no. 2244532A, for the same series of two 'Fresh To Go' trade marks, registered with effect from 5 September 2000 in relation to

Class 29

Foodstuffs and drinks; food and drink products; ingredients thereof and supplements therefor;

Class 30

Foodstuffs and drinks; food and drink products; ingredients thereof and supplements therefor;

Class 31

Fresh fruit and vegetables; nuts, herbs and seeds; natural plants, flowers and grasses; foodstuffs for domestic pets; cat litter; malt; supplements for animal foodstuffs;

Class 32

Drinks and preparations for making them; juices.

Invalidity was sought on the basis that both Morrisons' marks had been registered in breach of sub-sections 3(1)(b), (c) and (d) of the 1994 Act.

6. Morrisons denied the claims made and also claimed that the marks had acquired distinctiveness through use.

7. The opposition and invalidity proceedings were consolidated. Morrisons filed a substantial amount of evidence showing the use which had been made of its marks, albeit on a narrower range of goods than those within the specification of its two 'Fresh To Go' marks. The earlier mark no. 2244532A had been registered by Morrisons' predecessor in title, the supermarket chain Safeway, and may have been used before that date, but the evidence related only to use made by Morrisons itself from May 2007 onwards. Substantial turnover figures were given in relation to Morrisons' sales of salads, pasta, rolls, sandwiches, snacks, etc and drinks under its 'Fresh To Go' marks, together with documentary and photographic evidence of use of the marks in relation to such (essentially 'take-away') products. NISA filed substantial evidence in answer, producing numerous documents essentially seeking to show the descriptive nature of the phrase 'Fresh To Go.'
8. Mrs Corbett dealt first with the question of invalidity. As her reasoning is not challenged on the appeal, I do not need to go into it in detail, but she concluded at paragraph 27 that there was a 'direct and specific' relationship between the words 'Fresh To Go' and all of the goods in classes 29, 30 and 32 of Morrisons' specifications, as well as fresh fruits, vegetables, nuts, herbs and seeds within class 31. She did not think the same objection could be raised to the remaining goods in class 31. She therefore found that the marks had been registered in breach of sub-section 3(1)(c).
9. Despite the substantial amount of evidence filed by Morrisons as to sales of its take-away food and drinks, she concluded at paragraph 37 of her decision that Morrisons had not discharged the onus upon it of proving that it had educated the public into seeing the descriptive mark as an indicator of origin. As the claim to acquired distinctiveness through use failed, the objection under sub-section 3(1)(c) succeeded in relation to all of the goods in Morrisons' specifications except "natural plants, flowers and grasses; foodstuffs for domestic pets; cat litter; malt; supplements for animal foodstuffs". She also found that the marks had been registered in breach of

sub-section 3(1)(b) of the Act.

10. As a result, both of Morrisons' registrations were deemed never to have been made for all goods other than natural plants, flowers and grasses; foodstuffs for domestic pets; cat litter; malt; and supplements for animal foodstuffs.
11. That finding naturally limited the impact of Morrisons' opposition to NISA's application, as the earlier mark on which it relied remained registered for such a limited specification of goods in class 31. Mrs Corbett did not consider that any of the goods applied for by NISA in classes 29, 30 and 32 (all of which were food and drinks) to be similar goods to the goods remaining in class 31 in Morrisons' specification. However, she found that all of the goods in class 31 in NISA's application, save for fresh fruit and vegetables, were identical to goods within Morrisons' remaining class 31 specification.
12. Having considered the other factors relevant to the assessment of the likelihood of confusion for sub-section 5(2)(b), the Hearing Officer concluded that the opposition succeeded under that sub-section in respect of agricultural, horticultural and forestry products and grains not included in other classes; seeds; natural plants and flowers; food stuffs for animals; and malt. Otherwise, the section 5(2) objection failed.
13. The Hearing Officer then considered the objection under sub-section 5(4)(a). She did not consider that Morrisons' evidence had established that it had the necessary goodwill to found a passing off action and rejected this basis of opposition altogether. Similarly, she rejected the objection based on sub-section 5 (3).
14. Having upheld the invalidity applications and rejected the opposition in large part, as described above, Mrs Corbett dealt very briefly with the costs of the applications. At paragraph 70 of her decision she said:

"Both sides have achieved a measure of success. I therefore consider that each should bear its own costs."

Grounds of appeal

15. This appeal has been brought by NISA, not to challenge those substantive parts of Mrs Corbett's decision on which they were unsuccessful, but only to challenge her decision as to the costs. NISA takes the view that it was largely successful both in the invalidity proceedings and the opposition proceedings and that its success should have been reflected in the costs order made by the Hearing Officer. That was the essence of the submissions made to me by Mr Krause on behalf of NISA at the hearing of the appeal. Morrisons was not represented at the appeal but I received written submissions on its behalf from Messrs Marks & Clerk LLP.

Merits of the appeal

16. Under section 68 of the Trade Marks Act 1994, the Registrar is given a wide discretion to award costs. The matters which should be taken into account when the Registrar makes an award of costs are the same as those applied by the Court and these are covered by Part 44.3 of the Civil Procedure Rules, albeit the amounts which may be recovered by a successful party are limited by the Registry's Tribunal Practice Notes.

17. As to the position on an appeal as to costs, Mr Simon Thorley QC (sitting as the Appointed Person) in case BL O/040/02, *Adrenalin*, 14 January 2002, said "on an appeal in inter partes proceedings the hearing before the Appointed Person is analogous to an appeal to the Court of Appeal from a decision of a Judge of the High Court and is by way of review. Further since the decision in question related to an exercise of discretion by the Hearing Officer, the Appointed Person will only interfere with that exercise of discretion upon the same well known grounds on which the Court of Appeal would interfere with the exercise of a discretion by a Judge of the High Court."

18. Those 'well known grounds' are set out in a number of decisions of the Court of Appeal. In *Johnsey Estates (1990) Ltd v Secretary of State for the Environment* [2001] L. & T.R. 32, Chadwick LJ held:

“21 The principles applicable in the present case may, I think, be summarised as follows: (i) costs cannot be recovered except under an order of the court; (ii) the question whether to make any order as to costs—and, if so, what order—is a matter entrusted to the discretion of the trial judge; (iii) the starting point for the exercise of discretion is that costs should follow the event; nevertheless, (iv) the judge may make different orders for costs in relation to discrete issues—and, in particular, should consider doing so where a party has been successful on one issue but unsuccessful on another issue and, in that event, may make an order for costs against the party who has been generally successful in the litigation; and (v) the judge may deprive a party of costs on an issue on which he has been successful if satisfied that the party has acted unreasonably in relation to that issue; (vi) an appellate court should not interfere with the judge's exercise of discretion merely because it takes the view that it would have exercised that discretion differently.

22 The last of those principles requires an appellate court to exercise a degree of self-restraint. It must recognise the advantage which the trial judge enjoys as a result of his “feel” for the case which he has tried. Indeed, as it seems to me, it is not for an appellate court even to consider whether it would have exercised the discretion differently unless it has first reached the conclusion that the judge's exercise of his discretion is flawed. That is to say, that he has erred in principle, taken into account matters which should have been left out account, left out of account matters which should have been taken into account; or reached a conclusion which is so plainly wrong that it can be described as perverse—see *Alltrans Express Ltd v. CVA Holdings Ltd* [1984] 1 W.L.R. 394, per Stephenson L.J. at 400C–F and Griffiths L.J. at 403G–H.

23 I turn, therefore, to examine the basis upon which the judge reached the conclusion that he did. Unless it can be seen that that basis is flawed, this court ought not to interfere with his order.”

19. Similarly, in *National Westminster Bank Plc v Kotonou* [2007] C.P. Rep. 22, Chadwick LJ said:

“18 ... It is important to have in mind an observation made in this Court in *Summit Property Ltd v Pitmans (Costs)* [2001] EWCA Civ 2020 as to the role of this Court on appeals in relation to costs. In a passage, which has been adopted in later appeals, I said this:

“The first question for this court is not whether it would have made the order which the judge made. The first question is whether this court is satisfied that the basis upon which the judge reached the conclusion that he did has been shown to be flawed. It is only if that question is answered in the affirmative that this court can properly interfere with the exercise of the judge of the discretion entrusted to him. It is only then that this court will go on to consider what order it would make in the exercise of its own discretion.”

It is necessary, therefore, to look at the judge's reasons for the order which he did make; and to ask whether it is possible to identify some error of principle which has infected those reasons. If there is some error of principle, then this court is at liberty to make the order that it thinks appropriate. If there is no error of principle which vitiates the reasoning of the judge below, then this court must respect the exercise of discretion which led him to make the order which he did as a result of applying that reasoning.”

20. In *Aspin v Metric Group Ltd*, [2008] 2 Costs L.R. 259, Chadwick LJ added:

“11 Orders for costs are peculiarly in the discretion of the trial judge. An appellate court does not interfere on the basis that it thinks that it might have made a different order if it had been exercising the discretion that is entrusted by statute to the trial judge: see the observations at para 22 of my judgment in this court in *[Johnsey]*. Indeed, as I observed, it is not for an appellate court even to consider whether it would have exercised the discretion differently unless it has first reached the conclusion that the judge's exercise of his discretion is flawed.

12 It is necessary therefore to examine the reasons given by the judge for his conclusion that, in effect, the parties should bear their own costs down to the conclusion of the trial on liability.”

21. I must, therefore, look at the reasons given by the Hearing Officer for the order which she made and ask whether some error of principle infected those reasons. If there is some error of principle, then I may make such costs order as I think appropriate, but otherwise I must respect the exercise of the Hearing Officer's discretion.
22. The starting point for the exercise of the discretion, as set out in CPR 44.3 and reflected in *Johnsey*, is that costs should follow the event. As CPR 44.3(2)(a) puts it "the general rule is that the unsuccessful party will be ordered to pay the costs of the successful party". Nevertheless, as CPR 44.3(4) indicates, the judge "must have regard to all the circumstances" which may include "whether a party has succeeded on part of his case, even if he is not be wholly successful." The court may therefore make different orders for the costs incurred in relation to discrete issues and should consider doing so where a party has been successful on one issue but unsuccessful on another.
23. It seems to me, regrettably, that the very brief reasons given by the Hearing Officer for her decision that each side should bear its own costs do not demonstrate that she exercised her discretion in the appropriate manner. It does not seem to me that the Hearing Officer's decision discloses whether she considered the question of whether there was a 'successful party' to these applications and, if so, which party it was. Had the Hearing Officer asked herself that question, in my judgment it is clear that she would have found that NISA was the successful party. By contrast, her decision that each side should bear its own costs suggests that each side had achieved about the same measure of success. That was not the case, as her decision on the substantive issues meant that:
- a. The Hearing Officer found that the 'Fresh To Go' mark was inherently unregistrable and did not accept Morrisons' claim that it had acquired distinctiveness in the mark in relation to food and drink products.
 - b. NISA therefore succeeded in its application to invalidate both of Morrisons' trade marks in relation to all of the goods within classes 29, 30 and 32, as well as some of the goods in class 31.

- c. Morrisons' evidence did not purport to show that it had used its mark in relation to the goods remaining within its class 31 specification since May 2007.
- d. As a result of NISA's substantial success in the invalidation applications, Morrisons' opposition under sub-section 5(2)(b) failed in relation to all of the goods within NISA's specification in classes 29, 30 and 32, as well as for fresh fruit and vegetables in class 31. It succeeded in relation to non-food and drink products in class 31 alone.
- e. Morrisons' opposition based on sub-section 5(3) was rejected in its entirety.
- f. Morrisons' opposition based on sub-section 5(4)(a) was rejected in its entirety.

24. Morrisons' evidence did not persuade the Hearing Officer that it had acquired distinctiveness in its marks, as Morrisons alleged to counter the section 3 attack, nor that it had acquired a reputation or goodwill for the purposes of sub-sections 5(3) and 5(4)(a). On the other hand, the evidence strongly suggested that the goods of commercial interest to Morrisons so far as the 'Fresh To Go' marks were concerned were the food and drink products upon which Morrisons had used those marks. Indeed, as both parties are known for running supermarket businesses, it would hardly be surprising if their commercial interests lay in such products rather than in agricultural products in class 31.

25. For these reasons, in my judgment the "successful party" in the opposition and in the invalidation proceedings was NISA. Costs should in principle have followed the event and been awarded to NISA. The Hearing Officer's failure to consider the question of whether there was successful party in this manner led her, in my judgment, to make an error of principle, and I am satisfied that the basis upon which she reached her conclusion was flawed.

26. Approaching the matter in accordance with CPR 44.3, it seems to me that NISA ought be considered the successful party and to have its costs, subject to a deduction of an amount to reflect the fact that it was not wholly successful in the invalidation

application or in respect of the opposition based on sub-section 5(2)(b). NISA was only unsuccessful in both the invalidation and opposition proceedings in relation to a fairly narrow range of goods, yet in my judgment some credit should be given to Morrisons to reflect the result. Without a breakdown of the parties' costs by reference to the issues, a process which it would be disproportionate to ask the parties to undertake at this stage, making such a reduction is necessarily a rough and ready process. Doing the best I can, in my judgment it would be appropriate to reduce the costs awarded to NISA by 20% to reflect its partial level of success (save as stated in sub-paragraph 27(d) below).

27. NISA supplied me with a short breakdown of the costs it sought, which Mr Krause told me represented 100% of NISA's costs payable pursuant to the scale in TPN 4/2007:

- a. NISA sought £500 for preparing the two applications for invalidity and considering Morrisons' defence. I award it £400.
- b. NISA sought £400 official fees. I award it £320.
- c. NISA sought £400 for reviewing Morrisons' opposition and filing its defence. I award it £320.
- d. NISA sought £2000 for the preparation of its evidence and review of Morrisons' evidence. It does not seem to me that the amount of evidence filed was substantial enough to attract costs at the top end of the scale, so I will reduce the sum for evidence to £1500. On the other hand, none of the evidence related to any of the goods remaining in Morrisons' specification, so it does not seem to me that it is appropriate to reduce NISA's recovery of this element of its costs.
- e. NISA sought £1000 for the hearing before the Hearing Officer. I award it £800.

28. As NISA has succeeded on the appeal, I will also order Morrisons to pay NISA a contribution in respect of its costs of preparation for and attendance at the hearing of the appeal, in the sum of £600.

29. For these reasons, I will order Morrisons to pay NISA the total sum of £3940 by 4 pm on 23 June 2011.

Amanda Michaels
2 June 2011

Martin Krause of Haseltine Lake LLP appeared on behalf of the Appellant.

The Respondent was not represented.