

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2138809 BY
JULIA PENELOPE CRANFIELD TO REGISTER A MARK
IN CLASS 42**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 49143
BY MACKAY HOLDINGS LTD & THE VORTEX ENTERTAINMENT LTD**

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BACKGROUND

1. On 11 July 1997 Julia Penelope Cranfield of The Edge, Compton Walk, Southampton, applied to register the mark **THE EDGE** in Class 42.

2. The application was accepted and published for the following specification of services:

“Services relating to the provision of food and drink; restaurant services; wine bar services; bar, bistro and café services; public house services”.

3. On 5 November 1998 Mackay Holdings Ltd and The Vortex Entertainment Ltd of 11 Soho Square, Soho, London filed notice of opposition. The grounds of opposition are, in summary:

- (a) under section 5(4)(a) of the Act, because the opponents’ and their predecessors in title have used the trade mark **THE EDGE** in both word and stylised format in the United Kingdom since about 1991, in relation to café, bar and entertainment services. The opponents have traded continuously since that time offering the services indicated under these trade marks to such an extent that they have a substantial reputation in the use of the name **THE EDGE** in the United Kingdom
- (b) under section 3(6) of the Act, as the applicant as a result of previous litigation with the opponents, was aware when filing the application, that they were not entitled to claim the exclusive rights to the use of the words **THE EDGE** in the United Kingdom for the services covered by the application

also under Section 3(6) of the Act, the opponents add that they and their predecessors in title had an existing UK application No: 1519536 (filed under the 1938 Trade Marks Act) for restaurant and bar services which was subsequently abandoned. They say that the presence of this former application on the Register would have served to alert a later applicant of the possible rights that existed in the trade mark.

4. The applicant filed a counterstatement in which the grounds of opposition are denied.

5. Both sides ask for the Registrar to award costs in their favour and both sides filed evidence. Neither side has taken up the offer of a hearing. Acting on behalf of the Registrar and after a careful study of the papers, I give this decision.

OPPONENTS' EVIDENCE

6. This consists of a statutory declaration dated 26 June 1999 by James Mackay. Mr Mackay explains that he is the Managing Director of both Mackay Holdings Limited and The Vortex Entertainment Limited and has held this position since 1995 and 1993 respectively. He confirms that he is authorised to speak on the opponents' behalf, adding that the information comes from his own personal knowledge and the records of the opponents' or the opponents' predecessors in title. He states that Mackay Holdings Limited is the parent company of the Vortex Entertainment Limited with the latter company trading as The Edge.

7. Mr Mackay explains that The Vortex Entertainment Limited operates with the consent of Mackay Holdings Limited, an establishment called THE EDGE. This establishment provides the following services: "Entertainment services" (which fall in Class 41) and "Provision of food and drink, restaurant, bar and night club services and security services (which fall into Class 42). The mark THE EDGE and the services indicated are currently the subject of application No: 2171065 filed on 2 July 1998, the progress of which has been halted by the presence of the application in suit.

8. The trade mark was, explains Mr Mackay, first used in the United Kingdom in 1992 in relation to the services indicated, by the opponents' predecessors in title and he adds that the mark has been used by the opponents' and their predecessors in title continuously since that time. Prior to this from 1991, the name THE EDGE was, says Mr Mackay, the trading name of the opponents' predecessors in title during the period that their establishment was being fitted out for opening to the public. Thus the mark was therefore known to, and used by, suppliers to the opponents' predecessors in title. Mr Mackay adds that the trade mark was in fact first used in relation to the services in the United Kingdom by a company called Soho Eleven Ltd. He explains that this company went into liquidation in late 1993 and the business, the trade mark and the goodwill associated with that business was acquired by a company called The Metropolitan Club Limited and was subsequently transferred to Mackay Holdings Limited. The Metropolitan Club Limited is a subsidiary company of Mackay Holdings Limited.

9. Exhibit JRM1 consists of an extract from a commercial trade marks database which shows that Soho Eleven Ltd applied for application No: 1519536 for the mark "the edge bar + café" in a stylised format on 21 November 1992 in relation to "bar and restaurant services" (in Class 42). This application was, says Mr Mackay, filed prior to Soho Eleven Limited's liquidation and he comments that although the application was inadvertently abandoned, this was not because the opponents' or their predecessors in title lost interest in securing registration of the mark.

The existence of this abandoned application is in Mr Mackay's view relevant to these proceedings, as any pre-filing search of the Register would have alerted any potential applicant to the existence of an interest in the mark.

10. Exhibits JRM2 and JRM3 consist respectively of the opponents' annual retail sales and advertising expenditure in the period 1994 to 1998. In so far as the latter is concerned, I note that the mark has been promoted by way of a customer mailing list and advertisements. I also note that the contents of exhibits JRM2 and JRM3 are the subject of a Confidentiality Order dated 14 February 2000. Their contents have however been disclosed to both the legal

advisers representing the applicant and to the applicant herself. Although the contents of these exhibits are not summarised here, I will of course bear their content in mind when reaching my decision.

11. Mr Mackay explains that the trade mark is applied to the exterior of the opponents' establishment in central London and also to advertisements, menus and promotional material. Indicative examples are provided as exhibit JRM4, with Mr Mackay commenting that although material used in the early years of their business is no longer available, it would have been of a similar nature to that exhibited.

12. Mr Mackay states that the opponents' establishment is presently located in Soho in Central London adding that its customer base is predominantly from the lesbian and gay communities. He comments that while the particular location of the opponents' establishment and business is the centre of lesbian and gay recreational life in London, the reputation of the trade mark has extended far beyond the geographical location of the opponents' establishment. The reputation is now he says, and has been for some time, of a world-wide nature given the quality of the services the opponents' provide and he comments that visitors are attracted both from throughout the United Kingdom and from around the world.

13. Mr Mackay explains that the opponents' establishment regularly attracts many celebrities and has recently been nominated as a finalist for the "Gay Venue Of The Year" award which is sponsored by the Gaytime TV television programme broadcast by the BBC. Exhibit JRM5 consists of a letter dated 25 June 1999 to the opponents from the Producer of the television show confirming this to be the case. Mr Mackay continues that the opponents' establishment is regularly featured in national and international guides of leading venues for the services they provide and also hosts exhibitions, charity functions and is regularly chosen as a venue for events such as parties for film premieres. The opponents' establishment was, he says, voted into 2nd place in the "Best Bar in London" survey conducted by Time Out magazine in 1995, although there appears to be no evidence provided to support this assertion. Exhibit JRM6 consists of copies of entries appearing in the United Kingdom Club Guide for 1996-1997, extracts from Velocity and Spartacus dated April 1998 and 1998-99 respectively, Who Drinks Where (1999 edition) together with articles which appeared in the British Journal of Photography (dated 1999) all of which mention the opponents' establishment.

14. Mr Mackay then turns his attention to the applicant's activities. It appears that the information provided by Mr Mackay has been obtained from exhibit JRM7 which is a copy of an affidavit dated 22 July 1997 by Margaret Allen (the applicant's business partner) filed in the course of passing off proceedings between the parties. That said, the copy of the affidavit provided is of such poor quality that a significant portion of the text is illegible. However, Mr Mackay makes the following observations:

- S that the applicant and her business partner Margaret Allen originally took over the licence, tenancy and management of a public house (owned by Whitbread Plc) in Southampton in June 1995. At that time, the public house was called AGGIE GREYS
- S after about 6 months the public house was re-furnished and re-opened for business in March 1996 under the name THE EDGE. A review of the trade mark Register on 16

July 1999 conducted by Mr Mackay's professional representative, revealed that no application was filed to protect the name THE EDGE at that time. The establishment was, says Mr Mackay, aimed at the student market in Southampton

- S the establishment was not says Mr Mackay very successful despite the opening of a nightclub on the premises called THE BOX. A review of the trade mark Register on 16 July 1999 conducted by Mr Mackay's professional representative revealed that no application was filed to protect the name THE BOX at that time or since. Mr Mackay notes that THE BOX is also the name of a gay venue in Soho, London
- S in March 1996, the applicant opened a "women only" bar on the premises called THE LOFT. A review of the trade mark Register on 16 July 1999 conducted by Mr Mackay's professional representative revealed that no application was filed to protect the name THE LOFT at that time or since. Mr Mackay notes that THE LOFT is also the name of a gay venue in Soho, London
- S this, says Mr Mackay, proved to be more successful and from January 1997 the applicant decided that her entire establishment THE EDGE would be an exclusively gay venue. Mr Mackay notes that a review of the trade mark Register on 16 July 1999 conducted by his professional representative revealed that no application was filed to protect the name THE EDGE at that time
- S on 11 June 1997 says Mr Mackay the applicant re-launched her establishment as a gay venue. Prior to this advertisements were placed in national gay publications (including Boyz and The Pink Paper). Immediately after these advertisements appeared the opponents contacted the applicant to notify her of their rights and interests in the trade mark and asked her to change the name of her establishment
- S having become aware of the applicant's use of the trade mark the opponents commenced proceedings for passing off against the applicant and her business partner in the High Court. However these proceedings were not pursued for financial reasons
- S Mr Mackay notes that it was only when the applicant became aware of the opponents' objections to her use of the mark, that the application in suit was filed. Consequently the applicant was fully aware of the opponents' rights and interests in the trade mark at the time she filed the application and in his view the application was filed in bad faith
- S following the applicant's relaunch of her establishment as a gay venue, Mr Mackay explains that the opponents experienced instances of actual confusion with the applicant's establishment. In this regard, he states that a number of people telephoned the opponents establishment making enquiries about what they believed was the opponents "new" establishment in Southampton
- S Mr Mackay closes his declaration by commenting on the applicant's propensity for using other parties trade marks in an unauthorised manner and to the filing of the subject application in the full knowledge of the opponents' rights and interest in the trade mark, concluding once again that the application was filed in bad faith.

APPLICANT'S EVIDENCE

15. This consists of a statutory declaration dated 10 August 2000 by Julia Cranfield, the applicant in these proceedings. Ms Cranfield explains that her information comes either from her own personal knowledge or from records to which she has unrestricted access. She adds that she is the co-owner and co-manager of a public house in Southampton whose business includes catering for the provision of food and drink, public house services, wine bar services, restaurant services, bistro and café services and nightclub services.

16. Ms Cranfield states that the mark was first used in Southampton in March 1996 adding that the mark has been used continuously since that date. Exhibit JPC1 consists of publicity material and articles from local newspapers showing the mark in use, all of which I note post date the filing date of the application in suit. The provenance of the mark is, explains Ms Cranfield, that the applicant's establishment is situated on the edge of Southampton City centre and on the edge of Southampton's red light district. Ms Cranfield says that the mark is used on all of the applicant's signage, promotional material, printed matter, stationery, membership cards, booklets and brochures. Examples of such use are provided in exhibit JPC2 although I note that the exhibits provided appear to be either undated or after the filing date of the application. The mark has also been promoted nationally in magazines such as Boyz, The Pink Paper and Fluid. Examples of advertisements which appeared in Boyz and Fluid magazines and all of which post date the filing of the application are provided in exhibit JPC3.

17. Turnover under the mark in the period June 1995 to March 1997 amounted to some £190k with in excess of £6k spent promoting the mark locally. The remainder of Ms Cranfield's declaration is in effect a critique of Mr Mackay's evidence. I do not propose to summarise it here, but will of course bear its contents in mind when reaching my decision. I do note however Ms Cranfield comments on the actual form of use both parties make of their respective marks and also that the applicant has not experienced any instances of confusion.

18. That concludes my review of the evidence in so far as I think it necessary.

DECISION

19. The first ground of opposition is based on Section 5(4)(a) of the Act. This reads as follows:-

"5.-(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

20. In reaching a conclusion on this issue I intend to apply the test outlined in Halsbury's Laws of England (4th Edition) as adopted by Mr G Hobbs QC. in Wild Child [1998] RPC at 460. The relevant passages are re-produced below:

"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."

"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."

21. In her evidence the applicant comments as follows:

“The substantial majority of Mr Mackay’s declaration refers to the opponents’ current use of their mark. As I understand it, to succeed in their opposition the opponent must demonstrate that they had sufficient reputation in their trade mark at the time that we commenced use of the mark to prevent us from using the mark at that time. No such evidence has been filed, and they are not able to file such evidence at this stage” .

22. Ordinarily the matter will be determined at the filing date of the application in suit ie. 11 July 1997. However it is clear from Kerly’s (13th Edition) at Para 8-106 that if the mark the subject of the application is already in use, then this may require consideration of the position at an earlier date, see also Cadbury-Schweppes Pty Ltd v The Pub Squash Co Ltd [1981] RPC 429 and the comments in the FACCHINO trade mark case [SRIS 0/173/00].

23. In order to succeed in a passing off action, the opponents first need to establish that their services had acquired a goodwill or reputation in the market and are known by some distinguishing feature. Given the applicant’s comments and the authorities set out above, I need to consider the position at the filing date of the application ie. 11 July 1997 and the date the applicant first made use of the mark ie. March 1996. In the final analysis however nothing turns on this point.

24. In their evidence the opponents say that the mark THE EDGE was first used in 1992, adding that prior to this, in 1991, the mark would have become known to, for example, suppliers who were involved in the “fitting out” of the opponents’ establishment. In addition they have provided details of their turnover figures under the mark together with details of the amounts they have spent in advertising and promoting the mark. These figures relate to the period 1992 to 1997. Various items of promotional material are provided (exhibit JRM4) and although for the most part these items are either undated or post date the relevant dates, in his declaration Mr Mackay confirms that the material used by the opponents in the early years of the business would have been of a similar nature.

25. Unfortunately Mr Mackay’s evidence suffers from a number of defects. A good deal of the evidence provided relates to events taking place after the material dates, see for example my comments in respect of exhibit JRM5 and (the majority) of exhibit JRM6. In addition it would appear that the reference to the opponents’ establishment being voted into 2nd place in the “Best Bar in London” survey conducted by Time Out in 1995, is unsubstantiated, a point which I note did not escape the attention of the applicant. The evidence provided does establish that the opponents’ establishment is located in the Soho area of Central London, an area which Mr Mackay says (and which has not been disputed by the applicant) is the centre of gay and lesbian recreational life in London. It is also an area frequently visited by tourists from both the United Kingdom and throughout the world. The opponents’ customer base is, it would appear, predominantly members of the gay and lesbian communities. While the opponents’ turnover and promotional figures are of course subject to a Confidentiality Order, in so far as it is possible for me to refer to them here, in the context of the somewhat niche nature of the opponents’ customer base mentioned, they are, in my view, significant. As such, taking account of all these factors, including the prime location of the opponents’ premises

and the fact that these premises are likely to be known by both the indigenous gay and lesbian communities in London and to a significant number of people in the gay and lesbian communities from outside of London, I have little difficulty in concluding that at either of the material dates ie 11 July 1997, or March 1996, the opponents had acquired goodwill in relation to their various (what I shall call) public house services provided under the mark THE EDGE.

26. Having decided that the opponents have acquired a reputation in the mark THE EDGE amongst a relevant class of persons ie. members of the gay and lesbian communities, I now go on to consider if members of that class will mistakenly infer from the applicant's use of her mark, that the applicant's services are from the same source or are connected with the opponents.

27. I shall consider this issue in the context of points (a) to (e) from Halsbury's set out above. For the sake of convenience (and amended to reflect that this is a trade mark opposition and not an action before the Court) these are reproduced below:

- (a) the nature and extent of the reputation relied upon;

see my comments above

- (b) the closeness or otherwise of the respective fields of activity in which the opponents and the applicant carry on business;

in my view the respective fields of activity are identical

- (c) the similarity of the mark, name etc used by the applicant to that of the opponents;

although in use both parties use the mark THE EDGE in different stylised scripts, nevertheless in my view the marks would clearly be articulated and referred to by both existing and potential customers as THE EDGE

- (d) the manner in which the applicant makes use of the name, mark etc complained of and collateral factors; and

both parties use the mark on the outside of their respective establishments and on all their promotional literature

- (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.

the applicant's and the opponents' businesses are both in the area of what would be generally described as public house services; both parties principal customer bases are members of the gay and lesbian communities; both parties may wish to advertise and promote their respective establishments in similar (niche) publications; although separated geographically both establishments are in the Southern part of England and less than eighty miles apart.

28. In all the circumstances of this case and given my conclusions above, I have come to the clear view that the applicant's use of the mark is likely to lead the relevant public to believe that the services offered by them are the services of the opponents. I am fortified in this view by the comments of Mr Justice Jacob in *Reed Consumer Books Limited v Pomaco Limited* [2000] FSR 734 where he said:

“If you have proof of repetition of an unusual name and proposed use of the same name for the same goods by the defendant, you will normally infer that deception and confusion will occur”.

29. In this case instances of actual confusion have also occurred (see paragraph 13 above). Given that I have found both goodwill and misrepresentation, damage to the opponents business is inevitable. As such the ground of opposition based on Section 5(4)(a) of the Act succeeds.

30. The remaining grounds of objection are under Section 3(6) of the Act.

Section 3(6) states:

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

31. In asserting that the application was made in bad faith, the onus rests with the opponents to make a prima facie case. A claim that an application was made in bad faith implies some deliberate action by the applicant which a reasonable person would consider to be unacceptable, or as put by Lindsay J in the *GROMAX* trade mark case [1999] RPC 10:

“includes some dealings which fall short of the standards of acceptable commercial behaviour”.

32. The opponents' argue this objection on two bases. The first is that they are the owners of a now abandoned application No: 1519536 for the mark “the edge bar + café” which was filed under the 1938 Trade Marks Act in respect of restaurant and bar services. They say that the presence of this former application on the Register should have served to alert a later applicant to the possible rights that existed in the trade mark and that the filing of the application in suit in the face of this earlier mark amounts to an act of bad faith. The applicant's in their evidence comment that there is no legal requirement for an applicant to conduct trade mark availability searches prior to filing an application and secondly that an abandoned application is only evidence of a past interest in a trade mark. In this respect, I agree entirely with the applicant and the Section 3(6) objection on this basis is dismissed.

33. The second arm of the opponents' objection under Section 3(6) is that in view of the previous litigation between the parties and given that they were clearly aware of the opponents' interest in the mark, the applicant's filing of the application in suit amounted to an act of bad faith. Guided by the comments in the *GROMAX* decision, it seems to me that the applicant was doing no more than protecting what she considered to be her own interest in the mark. To use her own words:

“I filed the application for the mark in good faith to protect our investment in our venture, and to prevent others from adopting a mark in which we have invested significant time and effort”.

34. This in my view provides a more than adequate explanation of the applicant’s motives for filing the application. Consequently, the second arm of the opponents’ bad faith objection and indeed the objection under Section 3(6) of the Act in totality is dismissed.

35. As a result of my decision under Section 5(4)(a) of the Act, the opposition has succeeded. As the opponents have been successful, they are entitled to a contribution towards their costs. I direct that the applicant pay the opponents the sum of £635. This sum 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 03 day of May 2001

C J BOWEN
For the Registrar
the Comptroller-General