

**TRADE MARKS ACT 1994**

**IN THE MATTER OF  
APPLICATION No. 2328188  
BY NISA-TODAY'S (HOLDINGS) LIMITED  
TO REGISTER A TRADE MARK  
IN CLASSES 31 AND 33**

**AND IN THE MATTER OF  
OPPOSITION No. 93655 THERETO  
BY INDEPENDENT FOOD SERVICES LIMITED**

**AND IN THE MATTER OF  
AN APPEAL TO THE APPOINTED PERSON  
BY THE APPLICANT  
AGAINST A DECISION OF MR. D. LANDAU  
DATED 16 JANUARY 2007**

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**DECISION**

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**Background**

1. This is an appeal from a decision of Mr. David Landau, the Hearing Officer acting on behalf of the Registrar, dated 16 January 2007, BL O/022/07. In that decision Mr. Landau allowed an opposition brought by Independent Food Services Limited (“IFS”) under section 5(4)(a) of the Trade Marks Act 1994 against UK Trade Mark Application number 2328188 standing in the name of Nisa-Today’s (Holdings) Limited (“Nisa”).
2. The mark in suit is HERITAGE. Nisa applied to register it in the UK on 1 April 2003, for use as a trade mark in respect of goods in Classes 31 and 33.
3. The application was published for opposition purposes on 20 May 2005. On 11 August 2005, IFS filed notice of opposition against the application on the ground that because of IFS’s earlier unregistered rights in HERITAGE, use in the UK of the mark applied for was liable to be prevented by virtue of the law of passing off. IFS’s opposition under section 5(4)(a) of the Act was stated to be limited to “cider” in the application.

**Evidence in support of the opposition**

4. The evidence in support of the opposition consisted of two witness statements of Andrew Thewlis, dated 19 April 2006 and 18 December 2003. The later witness statement, which was made specifically in the opposition, refers to the earlier witness statement (Exhibit AT2), which was filed in support of IFS’s

UK Trade Mark Application number 2332046, dated 14 May 2003, for cider in Class 33 to establish honest concurrent use. Mr. Thewlis states in both documents that he is: (a) the finance director of IFS and (b) authorised to make the statements on behalf of his company. The statements are taken from the books and records of his company, to which he has full access, or are within his own personal knowledge.

5. In his witness statement, dated 19 April 2006, Mr. Thewlis explains that his company under the name “Landmark” or “Landmark Wholesale” provides a centralised trading and marketing operation on behalf of independent wholesalers. At the time of his witness statement there were 29 wholesaler members of the Landmark Group. Basically, IFS acts as the central body purchasing, sourcing and supplying a vast range of products to the member wholesalers’ Cash and Carry depots. The members in turn supply independent retail traders who are registered to buy from the Cash and Carry depots (smaller grocery stores, supermarkets, off licences, new agents etc.) and then sell on to the public from their own premises.
6. The products include toiletries, household goods, foodstuffs and beverages, which are branded and own label. Mr. Thewlis likens his company’s set up to the Makro and CostCo wholesale enterprises. Nisa is a direct competitor.
7. Mr. Thewlis says that his members’ Cash and Carry businesses are spread across the UK. He exhibits at AT1 a map entitled “Landmark Wholesale” showing the geographical location of his members. Mr. Martin Krause, of Haseltine Lake, representing Nisa, drew my attention to the fact that not all the depots were in the UK, e.g., there was one in Jersey.
8. Mr. Thewlis explains that his company supplies own label products into the Cash and Carry depots so that retailers can purchase and offer them on to their shoppers as cheaper alternatives to branded goods. A vast array of alcoholic products is stocked, and in 1994 IFS decided to produce a range of own label cider under the trade mark HERITAGE. Mr. Thewlis says (witness statement, 19 April 2006, para. 3):

“We have continually supplied cider branded with the HERITAGE trade mark since August 1994”.
9. Mr. Thewlis refers to his earlier witness statement, dated 18 December 2003, for details of IFS’s usage of HERITAGE for cider since 1994 (i.e., the “honest concurrent use” witness statement, AT2). In that earlier witness statement, Mr. Thewlis says (paras. 3 – 5):

“3. The trade mark HERITAGE was first used by my company upon cider and the mark has been in continued usage since then. Between August 1994 and September 2003, my company has sold 920,132 cases of 6x2 litre bottles, which equates to 5,520,792 bottles. During the same period, my company has sold 179,594 cases of 24x500ml cans, which equates to 4,310,256 cans. In total, my company has sold over 13 million

litres of cider under the HERITAGE brand, since the date of first usage.

4. The wholesale prices have been on average £7.99 for the 6x2 litre packs, and £8.99 for the 24 can packs. I estimate the total wholesale value of goods sold under the HERITAGE trade mark to be £8,966,400. The goods are then sold on via retail outlets and I estimate that the total retail sales since the date of first usage, and up to September 2003 to be £12,115,850.
5. The goods are available throughout the whole of the United Kingdom.”

10. In his later witness statement, dated 19 April 2006, Mr. Thewlis confirms his previous estimates (para. 4):

“4. As detailed in Exhibit AT2, HERITAGE cider, which is available in cans, or bottles, has been available throughout the whole of the United Kingdom since 1994 via 29 Cash & Carry Wholesalers who form the Landmark Group. I can confirm categorically that the onward “retail” sales, usage, and perception of the HERITAGE trademark in relation to cider, is extensive. Because the sales in the eventual retail sector are at “arms length”, it is not possible to provide accurate details of retail turnover, but from my knowledge of the wholesale business, and the pricing differentials between the wholesale and retail trade, I was able to estimate what I believe to be total retail sales of the HERITAGE branded cider as being in excess of 12 million pounds between August 1994 and September 2003.”

At the hearing before me, Mr. Krause acknowledged that the figure of around £12 m retail sales of HERITAGE cider between August 1994 and September 2003 seemed to have been reasonably arrived at and that his client did not contest those facts (transcript pp. 6 and 8).

11. Promotional materials are exhibited to both Mr. Thewlis’ witness statements. He explains (witness statement, dated 19 April 2006, para. 5):

“... much of the “promotion” and advertising of the HERITAGE cider is conducted via the Cash & Carry Wholesalers themselves, and at their discretion. To complement the Exhibits in AT2 there is now produced and shown to me marked Exhibit AT4, some further random samples of such advertisements, which have been produced and sent to retail traders, and which advertises availability of the HERITAGE cider for them to purchase for supply from their own businesses.”

The “AT2” exhibits comprise:

- (a) leaflet, marked 29 July to 17 August 1996, containing a picture of a bottle of, and offering HERITAGE STRONG DRY CIDER 6x2 litre PET at £6.99;
- (b) leaflet, marked 26 May to 14 June 1997, showing HERITAGE STRONG DRY CIDER in a can (24x500ml, £8.49) and a bottle (6x2Litre PET, £6.99);

and those at “AT4”:

- (c) “We have a strong Heritage flyer” picturing a can and a bottle of HERITAGE STRONG DRY CIDER advertising “Strong new packaging, Highly competitive prices, Healthy profit margins, Great value to your customers” (undated);
- (d) “Counter Attack Wm. Adams Limited – LANDMARK FOR ALL YOUR NEEDS” brochure. Various household products, foodstuffs, beverages are shown. On the last page there is a display of brand names including LANDMARK, LIFESTYLE and HERITAGE. The brochure states: “Offers available 1<sup>st</sup> January to 20<sup>th</sup> January 1996”;
- (e) “COUNTER ATTACK ANDREW MACMILLAN – LANDMARK” brochure: “Offers available from 26 May to 14 June 1997”, again containing a variety of household and grocery products and beverages and showing HERITAGE STRONG DRY CIDER in a can (24x500ml, £8.49) and a bottle (6x2Litre PET £6.99).
- (f) “BELLEVUE CASH & CARRY – Christmas Wines and Spirits 2003 - LANDMARK” brochure, which states: “Offers available until 3<sup>rd</sup> January 2004”. The page headed “Ciders” displays a HERITAGE bottle (6 x 2 Litre, £5.99) and can (24 x 500ml, £7.99).

- 12. The last item relates to a period after the relevant date (1 April 2003). Mr. Brian Marsh, of Wilson Gunn, representing IFS, reminded me of the nature of his client’s wholesale operation. The brochure was for Christmas but the products would have been manufactured before the brochure was printed.
- 13. Mr. Krause drew my attention to changes in the labelling of the HERITAGE cider products (a farmhouse scene in 1996-7 to fruit and leaves in Christmas 2003 and no picture on the labels in the undated flyer). The Hearing Officer made mention of those changes and of the fact that HERITAGE in the same stylised format appeared throughout (decision, para. 6). Mr. Krause conceded before me that the promotional materials seemed to support IFS’ claimed first use of HERITAGE for cider in 1994 (transcript, pp. 7 – 8).
- 14. Nisa filed no evidence in support of its application. Moreover, no application was made for disclosure or to cross-examine Mr. Thewlis.

### The Hearing Officer's decision

15. In applying section 5(4)(a) the Hearing Officer referred to a number of authorities including *WILD CHILD Trade Mark* [1998] RPC 455 (elements of passing off), *Cadbury Schweppes Pty Ltd v. Pub Squash Co Pty Ltd* [1981] RPC 429 (time for assessing passing off; accepted as 1 April 2003) and *South Cone Inc v. Jack Bessant* [2002] RPC 19, *LOADED*, BL O/191/02 and *Aggregate Industries UK Limited v. Cooper Clark Group Limited*, BL O/178/06 (evidence in Registry proceedings). In response to Mr. Marsh's submission that the onus in section 5(4)(a) proceedings had been lowered since *South Cone Inc*, the Hearing Officer responded (para. 12):

"I am not of the view that these cases have lowered the bar. The question is still the same; has an opponent established, on the balance of probabilities, that at the material date it enjoyed a protectable goodwill."

There has been no suggestion that the Hearing Officer misdirected himself on the law or set an inappropriate standard.

16. The Hearing Officer dealt in some detail with the argument put to him by Mr. Krause that there could have been a hiatus in IFS's use of HERITAGE for cider, which spanned the material date (1 April 2003) (para. 13):

"13. Mr Krause submitted that IFS had not established that at the material date it enjoyed the necessary goodwill. He commented that the turnover figures had been conglomerated and so it was not possible to identify the annual turnover. There is a gap in the exhibited material showing use of the sign; there was nothing between the matter for the period 26 May to 14 June 1997 and the material date, 1 April 2003. The advertising material for the period ending on 3 January 2004 emanates from well after the material date. Mr Krause noted that as well as there being no promotional material for a considerable time, there were no invoices. There could have been a hiatus in use, a hiatus that covered the material date. The failings of the evidence, in Mr Krause's view, made it impossible to know. Mr Krause also submitted that use for a period may have been de minimus. The law of passing-off does not protect a trivial goodwill (*Hart v Relentless Records Ltd* [2003] FSR 36) but it does protect a limited goodwill (see for instance *Stannard v Reay* [1967] FSR 140, *Teleworks v Telework Group* [2002] RPC 27, *Stacey v 2020 Communications* [1991] FSR 49); so a small turnover can give rise to a protectable goodwill; although it might give rise to several problems for a plaintiff in relation to establishing damage. I commented that Mr Thewlis had stated that there had been continuous use of the sign. He states this in two witness statements (see paragraph 5 for the exact words) [paras. 8 and 9 above]. I asked Mr Krause if he was impugning the evidence of the witness, he replied that he was not. I asked if there was a question mark over the evidence of Mr Thewlis why had there not been a request for cross-examination

or disclosure. Mr Krause responded that these courses of action could be expensive and would not be considered necessary if the other side had not established a prima facie case. Mr Krause noted the different get-up of the latest dated usage of the sign, which could indicate that there had been a re-launch. I have some sympathy with the arguments of Mr Krause; certainly it would have been helpful if IFS had given annual turnover figures, if there had been additional material showing use in the period from 15 June 1997 to 31 March 2003; whether in the form of publicity or invoices. As Mr Krause submitted, part of the problem has arisen from use of material that was not specific to this case, the honest concurrent use material. There are clear failings in the evidence but there are also two categorical statements. “Continually supplied” and “continued usage” cannot, in my view, be interpreted as potentially covering a hiatus in use. In another context, that of the interpretation of agreements, the House of Lords has held that words should be given their natural and ordinary meanings (*Investors Compensation Scheme Ltd v West Bromwich Building Society* [1998] 1 WLR 896 and *Bank of Credit and Commerce International SA (in liquidation) v Ali* [2001] UKHL/8, [2001] 1 All ER 961 (BCCI)). Mr Krause is inviting me to give the words of Mr Thewlis a meaning very different to their natural and ordinary meaning; indeed an antonymous meaning. I consider that I could only take the view that Mr Krause wanted if there was some firm basis so to do; arising from disclosure and/or cross examination. I cannot see that either of these routes is particularly onerous. Of course, either of them could be very unhelpful to Nisa; they could reinforce the case of IFS. On the basis of the statements of Mr Thewlis, I accept that there was continuous use of the sign HERITAGE in relation to cider by IFS and that this gave rise at the material date to a protectable goodwill.”

17. The Hearing Officer’s rejection of the hiatus argument was sufficient to dispose of the opposition in IFS’s favour (para. 14):

“14. As I indicated above, Mr Krause accepted that if the goodwill was established then IFS would win its case. I find, therefore, that the application should be refused in respect of *cider*.”

18. On the assumption that there was a hiatus, the Hearing Officer went on to consider residual goodwill. Here there was a problem because of the lack of specific evidence directed to the matter, which the Hearing Officer found unsurprising since Mr. Thewlis had stated on two occasions that there had been continuous use of HERITAGE (para. 16):

“16. An insurmountable problem, in my view, in dealing with this issue is the absence of specific evidence directed to the matter, which is not surprising as Mr Thewlis has stated upon two occasions that there was continuous use of the sign. If there was no issue as to interrupted use as far as Mr Thewlis was concerned, he would hardly file evidence in relation to the matter. (In *Ad-Lib Club Limited* the plaintiff could rely upon a good deal of fame and press evidence; of

course, the plaintiff knew what it was necessary to establish.) If there had been a hiatus one does not even know its length. This is all speculation. The inevitable result of this insurmountable problem is that if I am wrong in finding that IFS has established continuous use of its sign, then it cannot rely upon residual goodwill in order to claim a protectable goodwill at the material date.”

19. Finally the Hearing Officer concluded (para. 17):

“17. Mr Krause’s submissions raised many questions and gave rise to many doubts in my mind. I have vacillated in deciding which direction the decision should fall; it is certainly finely balanced. In the end I consider that that IFS, on the balance of probabilities, just about established a protectable goodwill at the material date. **The application is to be refused under section 5(4)(a) of the Act in respect of cider.**”

### **The appeal**

20. On 13 February 2007, Nisa filed notice of appeal to an Appointed Person under section 76 of the Act. As reordered by Mr. Krause at the hearing before me, the grounds of appeal in essence are:

- (1) The Hearing Officer applied the wrong standard under section 5(4)(a).
- (2) Undue weight was accorded to statements in Mr. Thewlis’ evidence.
- (3) There was insufficient evidence to establish that the Opponent enjoyed protectable goodwill in relation to cider under the HERITAGE name at the material date (1 April 2003).

### **Standard of appeal**

21. The appeal is by way review not rehearing. The parties were agreed that the approach as set out by Robert Walker L.J. in *REEF Trade Mark* [2003] RPC 101 at 109 – 110 applies:

“In this case the hearing officer had to make what he himself referred to as a multi-factorial comparison, evaluating similarity of marks, similarity of goods and other factors in order to reach conclusions about likelihood of confusion and the outcome of a notional passing-off claim. It is not suggested that he was not experienced in this field, and there is nothing in the Civil Procedure Rules to diminish the degree of respect which has traditionally been shown to a hearing officer’s specialised experience. ... On the other hand the hearing officer did not hear any oral evidence. In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

The appellate court should not treat a judgment or written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed.”

### **Merits of the appeal**

22. The first ground fastens on the Hearing Officer’s use of “just about” in the concluding paragraph of his decision (para. 17, emphasis added):

“In the end I consider that IFS, on the balance of probabilities, *just about* established a protectable goodwill at the material date.”
23. Mr. Krause submits that the words “just about” mean “almost but not quite” as in, e.g., “I am just about ready”. Mr. Marsh responds that this simply a matter of terminology.
24. I agree that the Hearing Officer might have expressed his conclusion better. However, it is clear particularly from paragraph 12 of the decision (mentioned at paragraph 15 above) that the Hearing Officer had firmly in mind that the question was whether on the balance of probabilities IFS had established a protectable goodwill at the material date and that anything less would not do. I should not be prepared to overturn the decision for reason only of the Hearing Officer’s use of the words “just about”.
25. Under the second ground, Mr. Krause points to the different usages of “continually supplied” at paragraph 3 of Mr. Thewlis’ witness statement of 19 April 2006 and “in continued usage” at paragraph 3 of Mr. Thewlis’ witness statement of 18 December 2003. He puts forward various interpretations of Mr. Thewlis’ words and highlights the lack of corroborative materials covering the material date. Mr. Marsh, emphasises Mr. Thewlis’ position within IFS, that Mr. Thewlis’ words should be given their natural meaning and that in his experience businesses do not keep paper archive material, they do not expect to have to produce leaflets from, say, 1999.
26. Thirdly, Mr. Krause submits that even if Mr. Thewlis’ statements are taken at face value there is insufficient evidence to justify a finding of a protectable goodwill at the material date. As mentioned, he accepts that IFS have used HERITAGE in relation to cider. He also accepts that first use commenced in 1994 and that around £12 million retail sales of HERITAGE cider were made in the period August 1994 – September 2003. However, Mr. Krause says that there is no way of telling when the sales occurred (sales may only have been taken at the material date) or whether the sales took place in the United Kingdom. He acknowledges that Mr. Thewlis states that the goods (HERITAGE cider) were available throughout the United Kingdom (witness statement, 18 December 2003, para. 5 and witness statement, 19 April 2006, para. 4). But he points out: (a) there is a Cash & Carry outlet in Jersey; (b) Mr. Thewlis estimates total retail sales figures for the period until September 2003; (c) the material date is 1 April 2003; (d) sales covering the material date could have been in Jersey. Mr. Krause also points to the changes in labelling (described at para. 13 above), which in his view are indicative of a



re-launch towards the end of 2003. Finally, as I understand it, he sought to argue that because IFS's cider is so cheap, that would be the public's sole reason for buying it, no account would be taken of the trade mark and IFS had failed to show that HERITAGE was distinctive of it.

27. Mr. Marsh says that most of those points were made to the Hearing Officer. Further, as Nisa is a competitor of IFS, it would have been relatively straightforward to commission an independent enquiry and adduce the results in evidence. Alternatively/additionally Nisa could have sought an order for specific disclosure and/or cross-examination of Mr. Thewlis.
28. The Appointed Person has recently questioned the practice of relying on the burden of proof to impugn or discredit uncontradicted witness evidence before the Hearing Officer. In *VOGUE Trade Mark*, BL O/154/07, Mr. Geoffrey Hobbs QC sitting as the Appointed Person said:

“It is clear ... that the Applicant took the view that it was for the Opponent to prove its case without any assistance from the Applicant.  
...

The Applicant fought the hearing on the basis that the evidence filed by the Opponent was not sufficient to establish a prima facie basis for objection under section 5(4)(a). The evidence was not said to be untrue. ... It was not challenged by cross-examination or put to the test of an order for production of documents. In the circumstances the Hearing Officer had no alternative but to accept the evidence and assess it for what it was worth, bearing in mind the criticisms which the Applicant had made of it. That is what he did.

As I pointed out in the *WILD CHILD* case, the Registrar is often required to act upon evidence that might be regarded as less than perfect when judged by the standard applied in High Court proceedings. That is also on a daily basis the position in civil tribunals up and down the country. It does not follow that assertions without any real substantiation must be accepted as sufficient to support the contentions of those who put them forward. It is none the less necessary to assess the evidence that has been presented and decide whether it is or is not sufficient to enable the decision-taker to reach a conclusion on the civil standard as to what the outcome should be.

Moreover, as confirmed by the Court of Appeal in *Stephens v. Cannon* [2005] EWCA Civ 222 (14<sup>th</sup> March 2005), a decision-taker should not resort to the burden of proof for the purpose of determining the rights of the parties in civil proceedings unless he or she cannot reasonably make a finding in relation to the disputed issue or issues on the basis of the available evidence, notwithstanding that he or she has striven to do so.”

See also, *EXTREME Trade Mark*, BL O/161/07, per Mr. Richard Arnold QC sitting as the Appointed Person at paragraphs 24, 31 – 37.

29. I find it clear from the decision that the Hearing Officer gave considerable thought to the evidence before him and the criticisms, which Mr. Krause levied against that evidence. Like the Hearing Officer, I have some sympathy with those criticisms. Nevertheless, bearing in mind the principles encapsulated by Mr. Hobbs in *VOGUE* as set out above, I cannot say that the Hearing Officer was not entitled to find that the evidence was sufficient to support an objection under section 5(4)(a).

### **Conclusion**

30. In the result the appeal fails. The Hearing Officer ordered Nisa to pay IFS the sum of £1450 as a contribution towards its costs. I will order Nisa to pay the additional sum of £700 towards IFS's costs of this appeal.

Professor Ruth Annand, 22 August 2007

Mr. Martin Krause of Haseltine Lake appeared on behalf of Nisa-Today's (Holdings) Limited

Mr. Bruce Marsh of Wilson Gunn appeared on behalf of Independent Food Services Limited