

O-064-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2419310
BY K C WHITE CONSULTANCY LTD TO REGISTER A
TRADE MARK IN CLASSES 37 & 42**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 94919 BY W.R. GRACE & CO. - CONN**

BACKGROUND

1. On 12 April 2006 GRACE Architects applied to register the trade mark GRACE; GRACE Architects subsequently changed their name to K C White Consultancy Ltd. As nothing appears to turn on this change of name, I shall refer to the applicant as KCW. Following examination, the application was accepted and published for opposition purposes on 20 October 2006 in Trade Marks Journal No.6655 for the following services in classes 37 and 42:

Class 37 - Advisory services relating to painting and decorating of buildings; advisory services, relating to the repair, maintenance improvement, renovation, restoration, and construction of buildings; property development services; building work and construction supervision; on-site building project management; information, consultancy and advisory service related to the aforesaid.

Class 42 - Architectural services; architectural planning services; civil engineering planning services; preparation of architectural plans and reports; advisory services relating to planning applications; surveying services; off site building project management; information, consultancy and advisory services relating to the aforesaid services.

2. On 22 January 2007 W.R. Grace & Co. - Conn (hereafter WRG) filed a notice of opposition. This consists of grounds based upon sections 5(2)(a), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (as amended) (the Act); for the grounds based on sections 5(2) and (3) of the Act, WRG rely on the following trade mark (but only insofar as the goods in classes 1, 17 and 19 of the registration are concerned):

Trade Mark	No.	Application Date	Registration date	Goods
GRACE	CTM196824	1.4.1996	21.8.1998	<p>1 - Chemicals for use in industry and science; unprocessed artificial resins, unprocessed plastics; fire extinguishing compositions; adhesives used in industry; chemicals for use in construction; chemicals for use in concrete and cement; fluid cracking catalysts, polyolefin catalysts and carriers and silica and adsorbents.</p> <p>7 – not relevant;</p> <p>16 – not relevant</p>

				<p>17 - Plastics in extruded form for use in manufacture; packing, stopping and insulating materials; sealants for cans, bottles and containers.</p> <p>19 - Non-metallic building materials; materials for use in building and civil engineering, construction and repair.</p>
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3. WRG's Statement of Case indicates that the opposition is directed against all of the services of the application and confirms that CTM No.196824 has, in the five year period preceding the date of publication of the application, been used on all the goods for which it stands registered.

4. Insofar as the objections based on sections 5(2)(a) and 5(3) of the Act are concerned, WRG say that: (i) the respective trade marks are identical, (ii) in relation to the 5(2)(a) ground, that their goods are similar to KCW's services and, (iii) in the alternative (in relation to the 5(3) ground), that the services of KCW are not similar to their goods, but that their trade mark has a reputation in the United Kingdom and use of the trade mark the subject of the application would take unfair advantage of, or be detrimental to, the distinctive character or the repute of it.

In relation to the ground based on 5(4)(a), WRG say that they are:

"..a leading provider of *inter alia* speciality construction chemicals and materials and has been trading continuously in the United Kingdom under the trade mark GRACE since at least 1969. Grace products are specified by architects and engineers and are used by contractors, ready mix, precast and block producers and cement manufacturers to enhance the durability, strength and appearance of structures found in many major construction projects.... [WRG] has since at least 1969 provided advisory and consultation services in relation to their full array of goods. As a result of such use...[WRG] has acquired substantial goodwill and reputation in the trade mark GRACE in relation to goods and services in the field of chemicals and construction products..."

5. On 2 May 2007 KCW filed a counterstatement which consists, in essence, of a denial of the grounds on which the opposition is based. That said, I note that KCW admit that the respective parties' trade marks are identical and they ask WRG to provide proof of their use in relation to their goods in classes 1, 17 and 19.

6. Both parties filed evidence in these proceedings and both seek an award of costs in their favour. The matter came to be heard on 12 November 2008, when WRG were

represented by Mr Alan Bryson of Counsel instructed by J A Kemp & Co and KCW by Mr Ian Silcock of Counsel instructed by IP21 Limited.

EVIDENCE

WRG's evidence-in-chief

7. This consists of a witness statement, dated 21 December 2007, from David Michael who is a Director and Company Secretary of GRACE Construction Products Limited (hereafter GCPL), a position he has held since 1999; GCPL is, he explains, a wholly owned subsidiary of WRG. Mr Michael confirms that the information in his statement is, unless stated otherwise, from within his own knowledge.

8. WRG is, explains Mr Michael, a leading global supplier of: (i) catalysts and other products and services to petroleum refiners, (ii) catalysts for the manufacture of plastics, (iii) silica based engineered and speciality materials for a range of industrial applications, (iv) speciality chemicals, additives and materials for commercial and residential construction and (v) can sealants and coatings for food packaging; WRG employ in excess of 6,400 employees in nearly 40 countries. Exhibits DM4 and DM5 consist respectively of a history of WRG and a list of WRG's worldwide offices both downloaded from the website www.grace.com on 17 December 2007.

9. Mr Michael states that GCPL offer a wide range of speciality construction chemicals and materials that includes concrete admixtures and fibres, products for architectural concrete, cement processing additives, products for light and heavy precast concrete, roofing underlayments, structural waterproofing systems and fire protection products. He adds that GCPL's products are specified by architects and engineers and are used by contractors, ready mix, precast and block producers and cement manufacturers to enhance the durability, strength and appearance of structures found in construction projects. Construction chemicals and building materials under the GRACE trade mark are, he explains, marketed to a broad range of customers including, inter alia, architects and structural engineers, and adds that a separate sales and technical support team specifically cater for this group. GCPL, he explains, competes with companies on an international and national level, with competition based largely on technical support and service; in this regard, he explains that WRG and GCPL compile product information literature to educate their customer base.

10. Mr Michael explains that the GRACE trade mark has been used in the United Kingdom since 1930, and in relation to the products of GCPL since 1990. He states that the trade mark appears on marketing and sales literature, on various websites, and on web seminars provided by GCPL in conjunction with the Royal Institute of British Architects (RIBA) for the purpose of, inter alia, compulsory professional development for architects. Exhibit DM16 consists of pages downloaded from GCPL's website at www.uk.graceconstruction.com on 11 May 2007 which Mr Michael notes contains references to the following products: architectural concrete, air and vapour barriers, cement additives, concrete admixtures, flexible flashings, masonry products, passive

fire protection products, pipeline protection products, roofing underlayments, speciality vermiculite and structural waterproofing. I note that all of the pages bear, inter alia, the word GRACE in block capital letters below which the words “Construction Products” appear as below:



For ease of reference I will refer to this as the words GCP. Exhibit DM17 consist of pages downloaded on 11 June 2007 from the website mentioned above which shows the locations of GCPL’s sites in the United Kingdom which deals with these products..

11. Mr Michael states that GCPL’s products are utilised in both small residential and large scale applications. Exhibit DM20 consists of:

(i) two pages of Project References relating to the “GRACE ADPRUFE Waterproof Concrete System” (which appears to be undated);

(ii) seven pages of Project References relating to the use of the “Preprufe Pre Applied Waterproofing Membrane” which refer to a range of projects throughout the United Kingdom all of which are dated prior to the date of the application for registration (I note that in relation to the pages at (ii), all of them bear the words GRACE SERVICISED at the top left and the word GRACE alone at the bottom right of the page);

(iii) an extract from the website www.graceconstruction.com downloaded on 11 May 2007 in connection with a roof deck waterproofing system for use at The Royal Albert Hall for a project which was due for completion in December 2003, and;

(iv) a 13 page extract also downloaded on 11 May 2007 from the website www.landscapearchitecttrades.com (which appears to be a website based in the United States and which I note contains a reference on page 3 to GRACE DECORATIVE CONCRETE).

12. Turnover (in the period 2001-2006) and promotional and advertising expenditure (in the period 2002 to 2006) in the United Kingdom in relation to the GRACE trade mark were as follows:

Turnover

Year	£ (millions)
2001	31
2002	31
2003	23
2004	34
2005	40
2006	45

Promotion and advertising

Year	£ (thousands)
2002	110
2003	67
2004	120
2005	250
2006	125

13. Mr Michael refers to a range of material distributed by GCPL to their clients throughout the United Kingdom. These are as follows:

exhibit DM6 consists of a brochure entitled "Structural Waterproofing and Fire Protection Systems" dated 2004 which contain, amongst other trade marks, the words GCP on the front page and throughout the brochure and which Mr Michael notes provides technical information sheets;

exhibit DM7 consists of a brochure entitled "Detailed Drawings" dated January 2005 in relation to a number of GCPL's products. The brochure contains, amongst other trade marks, the words GCP on the front page and throughout the brochure;

exhibit DM8 consists of a brochure entitled "Waterproofing and Protection of Concrete Sub Structures in Aggressive Soils and Extreme Climates" dated 1999, which contains on the front page and throughout the brochure the words "GRACE SERVICISED" and GCP;

exhibit DM9 consists of an undated page relating to a website seminar produced by GCPL in connection with RIBA in relation to Substructure Waterproofing. The words GCP appear prominently on the page, and Mr Michael says that this has been available on RIBA's website for "several years". He adds that this is one of a number of seminars produced by GCPL for the purposes of a continuous development programme for architects;

exhibit DM10 consists of a brochure entitled "ADPRUFE SYSTEM" in relation to structural waterproofing products which although undated, is said to date from no later than 2005. I note that it bears, amongst other trade marks, the words GCP;

exhibit DM11 consists of a brochure entitled “Grace Adprufe integral waterproof concrete systems for new basements” dated April 2006 and which contains, amongst other trade marks, the words GCP”;

exhibit DM12 consists of an article entitled “Synthetic Reinforcement” by Bob Hathaway the Concrete Durability Product Manager at GCPL, which Mr Michaels says provides “a clear nexus between the contents of the article and the architect profession.” Mr Michael does not however explain the source of the article or its date;

exhibit DM13 consists of an article entitled “Watertight construction on the Waterfront” (also by Mr Hathaway) which was published in the Winter 2006 edition of Concrete Engineering International, which Mr Michael notes contains a reference to GCPL which he says:

“..refers specifically to [GCPL] being involved with a ready-mixed concrete supplier to develop a logistics and technical service plan that met the project’s specific construction needs..”;

exhibit DM14 consists of 10 certificates issued by the British Board of Agrément to GCPL between February 1997 and January 2005 in relation to a range of GCPL products. Of these certificates Mr Michael says:

“It is noted that the Certificate adduces evidence of the use of the trade mark GRACE in connection with technical advice to the British Board of Agrément which is designated by the Government to issue European Technical Approvals which are the guidelines followed by architects. There is thus, in my view, a very strong connection with providing technical advice and services in the evaluation or confirmation of performance, construction processes, and other technical matters relevant to the concerns of architects who design houses, building structures and related projects in the construction field”;

exhibit DM15 consists of product/technical information sheets for: Grace Cemfiber - polypropylene fibres (September 2001), Daracem 55 - mid-range concrete superplasticiser (May 1996), Korkpak - concrete deck waterproofing joint fillers (March 2003), Monokote Z-106/HY and Z-146 passive fire protection products (September 2004) and Serviwrap R30 - pipeline protection (November 1999). All but one of the sheets bear, inter alia, the words GCP and (the majority) include the following (or similar wording):

“Technical Service – The Grace Technical Service Department is available to assist you in the correct use of our products. Contact.....”

exhibit DM18 consists of pages downloaded on 11 May 2007 from a range of websites which contain references to GCPL. These are as follows:

www.kellysearch.co.uk, www.basements.org (which is the website of the Basement Information Centre and which lists GCPL as a member), www.buildingproducts.co.uk (which is said to be the best read monthly building magazine), and www.decorativeconcrete.co.uk (which is the website of the Decorative Concrete Forum UK).

exhibit DM19 consists of an extract downloaded on 18 December 2007 from www.ukgbc.org which is the website of the UK Green Building Council. Of this exhibit Mr Michael says:

“As an example of how confusion can occur in practice you will see from...a list of members of the UK Green Building Council...which launched in February 2007 which campaigns for a sustainable built environment. Members are drawn from across industry, NGO’s, academic institutions and government agencies. You will see from the Exhibit the proximity between [GCPL] and third party architects.”

I note that the third page of this exhibit contains the following entries:

“Fulcrum Consulting
Gardiner & Theobald
Gleeds
Grace Construction Products Ltd
GREENGUARD Environmental Institute
Grimshaw
GSS Architecture
Hab Housing
Hadley Homes
H+H UK Limited
Halcrow Group
Hamilton Architects
Hammerson UK Properties plc.”

14. Mr Michael explains that GCPL and WRG have attended various trade shows, adding that the last large trade show they attended in the United Kingdom was “Civils” held at Earl’s Court in London in November 2005. This trade show, explains Mr Michael, is the United Kingdom’s largest exhibition to encompass the needs of the civil engineering industry. He adds that every aspect of the civil engineering industry is represented from major clients to a range of contractors and consultants. Exhibit DM20 contains, inter alia, details relating to the “Civils” 2007 event, together with details of the 2006 event. Information is provided in the context of: Total attendance, Visitor sectors, Visitor job function, Type of organisation and Product interest.

15. Having commented that in his view the use GCPL have demonstrated of their GRACE trade mark is identical to the vast majority of the services in the application, Mr Michaels concludes his statement in the following terms:

“It should be clear from the evidence supplied...that use of the trade mark GRACE in the course of trade spills over the existing specifications of [CTM 196824] and for which goodwill and reputation have been established during a period of use in the United Kingdom stretching back as early as 1930. The services sought to be covered either directly conflict with [GCPL’s] use or else there is a nexus between the activities of [GCPL] and [KCW’s] specifications for confusion to be an inevitable outcome.”

KCW’s evidence

16. This consists of a witness statement, dated 17 April 2008, from Richard Naylor who is a Director of KCW (trading as Grace Architecture) a position he has held since February 2004. Mr Naylor confirms that the information in his statement comes from either his own knowledge or from company records, and that he is authorised to speak on KCW’s behalf.

17. Exhibits RN1 and RN2 consist respectively of an extract from the Companies House website showing that KCW was incorporated on 12 February 2004, and a printout from www.whois.co.uk which shows that the website www.gracearchitects.co.uk was registered by KCW on 21 June 2004.

18. Mr Naylor explains that KCW operates a business providing architectural services under the GRACE trade mark. Insofar as the respective parties’ goods and services are concerned, Mr Naylor says that KCW essentially advise on the upkeep and repair of buildings, whereas WRG ‘s registration protects chemicals used in construction, plastics, sealants for cans, bottles and containers and non-metallic building materials. He adds that not only are the services of a different nature to the goods of WRG, they are provided through a different and non-competitive channel of trade to those of WRG. Exhibit RN3 consists of a page downloaded from www.gracearchitecture.co.uk on 13 March 2008 together with pages from the linked website of RIBA at www.ribafind.org downloaded on 17 March 2008. Mr Naylor says that the entry for Grace Architecture under the heading Projects indicates that KCW:

“concentrates its architectural services in relation to religious buildings and schools..”

He adds:

“We supply services to boards of directors, government agencies or corporations, whereas WRG appear to sell their goods to contractors and builders.”

19. Mr Naylor states that KCW have traded under the GRACE name either as Grace Architects or Grace Architecture since 2004 with turnover in the period 2004-2007 as follows:

Year	Turnover (£)
2004	219, 096
2005	201,322
2006	178, 996
2007	173, 155 (not finalised)

20. KCW has, explains Mr Naylor, spent approximately £4k per year on advertising and promoting GRACE services. Exhibits RN4 and RN5 consist of a list of publications in which services under the GRACE trade mark have been offered, and a selection of copies of these advertisements between 2005 and 2008. Exhibit RN5 consists of advertisements from:

(i) **Church Building Magazine** (from March/April, May/June, July/August, September/October and November/December 2005, January/February, March/April, May/June, September/October and November/December 2006, January/February, March/April, May/June, July/August, September/October, November/December 2007, and March/April 2008);

(ii) **Chelmsford School Sport Partnership** (Summer 2005);

(iii) **School Building Magazine** (October/November 2005, December 2005/January 2006, February/March, April/May, June/July, August/September, October/November 2006, February/March, April/May, June/July, August/September 2007, December 2007/January 2008 and February/March 2008);

(iv) **Urban Building Magazine** (September/October 2006);

(v) **Catholic Schools Directory** (2006/07, 2007/08);

(vi) **Building Control Information and Document Folder Chelmsford Borough Council** (undated);

(vii) **Church Building Wall Planner** (2008).

A typical 2005 advertisement includes the words Grace architects and the following text:

“Grace architects is the new name for the practice known since 1963 as the KC White Partnership.

It expresses our continuing commitment to the Christian ethos that has motivated us since those early days.

We specialise in design and ongoing consultancy services for churches, schools and community clients. Our aim is to design with care, environments that thoughtfully and gracefully meet the needs of all who use them.”

In 2007 the majority of the advertisements changed to show the words Grace architecture together with the following text:

“design for churches, schools, community and residential clients...”

Mr Naylor says:

“ As can be seen, the turnover figures of my company have been substantial, and my company has advertised the services on offer under GRACE on a regular basis. No instances of confusion or association with WRG’s mark or business have been brought to my attention.”

21. Mr Naylor then comments on WRG’s evidence. While I do not propose to summarise these comments here in any detail, I will of course keep them in mind when reaching a decision. That said, I note that Mr Naylor’s criticisms of WRG’s evidence fall into the following broad categories:

(i) that much of the evidence provided by WRG does not support use of the GRACE trade mark but of other marks including Grace Construction Products;

(ii) that WRG have not established a reputation and goodwill in the GRACE trade mark in the United Kingdom:

(iii) that despite WRG’s claim to market construction chemicals and building materials under the GRACE trade mark to architects in the United Kingdom, the Barbour Compendium (which Mr Naylor explains is a database of building products and supplier information in the United Kingdom), does not list any products under the GRACE trade mark. Exhibit RN6 consists of two pages downloaded from the website www.barbour.info/barbourcompendiumonline/snapshotentry on 15 April 2008 . I note that under the Directory Entry for Grace Construction Products Ltd, the sub heading Products includes the following goods: Boards, Bridge deck expansion joints, Concrete repair materials, Damp-proof coatings, Damp-proof courses, Damp-proof sheets, Drainage matting, Fire-resistant coatings, Geosynthetics, In-situ roof finishes, Joint-fillers, Joint-sealants, Roof membranes, Structural bearings, Structural water stops, Tanking, Tanking coatings and Tanking sheets. Of the trade marks listed in this extract, I note that one entry specifically refers to the trade mark GRACE i.e. “Grace Ice & Water”;

(iv) that there is no listing in the Barbour Compendium for WRG;

(v) that KCW operates in a totally different area of business to WRG, the services of architects/architecture are entirely different from construction products and customers would not confuse the two, KCW’s services are aimed at completely different customers and are provided through different channels of trade;

(vi) that KCW's use of their GRACE trade mark would not be without due cause given their use of Grace Architects or Grace Architecture since 2004.

WRG's evidence-in reply

22. This consists of a further witness statement from Mr Michael dated 15 July 2008. Consisting primarily of submissions on the evidence of Mr Naylor rather than evidence of itself, it is not necessary for me to summarise a good deal of Mr Michael's statement here. However, as with Mr Naylor's submissions above, I will keep his comments in mind when reaching a decision. The points that do merit recording are, in my view:

23. Exhibit DM21 consists of an article entitled "Watertight Construction" written by Kevin O'Gorman, the European Marketing Manager - Building Products of GCPL and taken from Architects Datafile dated May/June 2006. Of this article, which Mr Michael notes relates to construction of basements, para. 3 begins:

"Most architects and developers have become well-versed in the advantages of focusing their sights downwards rather than outwards or upwards..."

Commenting on this article Mr Michael says:

"...and clearly refers to the role of architects in the resurgence of basement developments and the fact that developments in waterproofing techniques (such as those using [GCPL's] products) have contributed to this resurgence. The link here between [GCPL's] and [KCW's] businesses is clear."

24. Mr Michael strongly denies Mr Naylor's suggestion that GCPL do not use the GRACE trade mark. He says:

"The name GRACE features in larger type font and is located above the words "Construction Products".... It is very common for a company to have a house mark which is used either alone or in conjunction with different product brand names....The fact that a house mark is sometimes used alongside a product brand in no way detracts from the distinctiveness of the house mark."

25. Insofar as Mr Naylor questions WRG's reputation and goodwill in their GRACE trade mark in the United Kingdom, Mr Michaels refers to exhibits: DM22 which consists of a press release (dating from January 2004), DM23 a letter from the All-Party Parliamentary Fire Safety Group to GCPL dated 16 January 2004, DM24 Briefing Notes for the seminar mentioned below which was held on 26 January 2004, DM25 bibliographies of those attending the seminar, and DM26 a copy of a letter from the All Party Parliamentary Built Environment Group to WRG dated 2 February 2004. The Press Release entitled "Grace Construction Products' Larry Shapiro Presents to British Officials on Fire Safety" contains, inter alia, the following text:

“The British Fire Safety Development Group invited [GCPL] to give a presentation to British fire code officials, business leaders and members of the British Parliament on current trends regarding structural fire protection in buildings, and the implications of changing building code regulations.

The presentation, given by Larry Shapiro, Grace’s Worldwide Director of Marketing for Speciality Building Materials was part of a day-long seminar in the House of Lords focused on educating British policy makers on current fire protection issues as the British Parliament considers new legislation regarding fire codes and services.”

In Mr Michael’s view this shows:

“..evidence of recognition by the British Government of the pre-eminence of [WRG] in the construction and building industry. It furthermore clearly refutes the assertion that Grace does not have a reputation in the UK.”

He notes that the Briefing Note (DM24) contains the following:

“..A total audience of 110, drawn from the fire industry and fire service, government departments and regulatory bodies, will also be present.”

And:

“..Grace’s experience of fire protecting buildings, in particular its relationship in the US with the fire service, the insurance industry and the construction supply chain...”

26. That concludes my summary of the evidence provided in these proceedings to the extent that I consider it necessary.

DECISION

The Preliminary Points

27. Before I turn to the substance of this case, it is necessary for me to deal with two preliminary points. The first, WRG’s request to have GCPL added as a joint Opponent which arose on the morning of the hearing; the second, KCW’s query as to whether WRG’s Form TM7 and Notice of Opposition was validly filed, as was foreshadowed in Mr Silcock’s skeleton argument when he said:

“...by a notice of opposition and statement of grounds dated 22-Jan-2007, **though apparently filed on 23-Jan-2007.**” (my emphasis)

I shall deal with these points in reverse order.

Was the Form TM7 and Notice of Opposition validly filed?

28. The Application for registration was published on 20 October 2006. Ordinarily the period to oppose would have expired on 20 January 2007. However, as that date fell on a Saturday, the provisions of section 80(2) of the Trade Marks Act apply. This reads as follows:

“(2) Business done on any day after the specified hours of business, or on a day which is not a business day, shall be deemed to have been done on the next business day; and where the time for doing anything under this Act expires on a day which is not a business day, that time shall be extended to the next business day. “

29. As a consequence of section 80(2), the period to oppose expired on Monday 22 January 2007. At the hearing, Mr Silcock pointed out that the electronic date stamp at the top right hand corner of the Form TM7 read “23Jan07”; if this date was correct, there was, he submitted, no validly filed Opposition and the proceedings ought to have fallen at the first hurdle. To resolve this issue, and after hearing Mr Bryson’s view of the matter, I looked to the contents of the Trade Marks Registry’s Opposition file, which although not in evidence in these proceedings, was an approach to which Mr Silcock indicated he had no objection. Having done so, I noted that in a letter dated 22 January 2007 and which indicates it was delivered by hand to the Intellectual Property Office’s London office (and which bears a date stamp of 22 January 2007 to this effect), J A Kemp said:

“We herewith attach the following:

- Form TM7
- A cheque payable to the Patent Office in the amount of £200
- Statement of Case.”

30. While it is of course necessary to file both the Form TM7 and the associated fee ahead of the Opposition deadline, I was, at the hearing and still am satisfied that in these proceedings this had been achieved by WRG. The electronic date stamp of 23Jan07 appearing on the Form TM7 simply reflects the date the cheque was processed by the Intellectual Property Office’s Finance section (which is located in Newport), the delay (of one day) resulting from the need for the London office to forward the Form TM7 and fee to Newport for further processing.

Conclusion on the validity of the filing of the form TM7

For the reasons indicated above, the Opposition was validly filed.

Should GCPL be added as an Opponent?

31. In his skeleton argument Mr Silcock said:

“22.2 secondly, there is no evidence as to who actually owns the goodwill alleged to exist in relation to the mark; in order to sue for passing off for the use of a particular mark, it would be necessary to show that there is an owner of relevant goodwill, of which the mark is said to be distinctive; in this case the Opponent is the parent company of GCPL, and in the S/C it is alleged that the Opponent is the owner of the relevant goodwill, yet in the evidence it appears that GCPL is alleged to have built up the relevant goodwill. No licence agreement between the parties has been provided in evidence to show provision as to ownership of goodwill; but in any event, any such licence agreement would be relevant only as to the position as between licensee and licensor; the question of the ownership of goodwill is a question of fact in all the circumstances, and, in particular, is a question of the perception of the relevant buying public (a point that follows from the House of Lords’ decision in *Scandecor*.)

22.3 On the current evidence, then, it is in fact impossible to determine whether or not the allegation made in para. 9 of the S/C, namely that the Opponent is the owner of relevant goodwill in relation to which an earlier right exists for the purposes of s. 5(4)(a), is properly made out. Given that the burden of proof is on the Opponent in respect of all of these matters, it is respectfully submitted that the Opposition must also be rejected under s. 5(4)(a).”

32. In response to this, WRG in a letter from their professional representatives J. A. Kemp & Co dated 12 November 2008, said:

“The Applicant raises in its Skeleton Argument of 10 November 2008 a point concerning the Opponent’s goodwill in connection with the Section 5(4)(a) ground of opposition.

This seems to be a technical point. However to address it, we hereby request that Grace Construction Products Limited, a wholly owned subsidiary of W.R.Grace & Co.- Conn the opponent in the above proceedings, be joined as an opponent in these proceedings.

If required a letter from the UK subsidiary confirming that they have had sight of the evidence filed and that they stand by the grounds made in the notice of opposition [and accept costs liability should the opposition fail] can be provided.”

33. My initial reaction to this request was that as the opposition was filed on 22 January 2007 i.e. before The Trade Marks (Relative Grounds) Order 2007 came into force on 1 October 2007 (Articles 2 and 6 refer), there was no requirement at the time the opposition was filed for a party to be the proprietor of the earlier right relied upon (as per the comments of Mr Geoffrey Hobbs QC in *Wild Child Trade Mark* [1998] RPC 455), and as such no need for GCPL to be joined as an Opponent. However, having heard

further submissions from Mr Silcock on the point, it transpired that the matter was not quite as straightforward as I had originally thought.

34. Mr Silcock pointed out that the Opponent in these proceedings is WRG, and the Statement of Case indicates that:

“..the Opponent has acquired substantial goodwill and reputation in the trade mark GRACE....”

He argued that if all of the use of the trade mark GRACE shown in the evidence was by GCPL, then notwithstanding that GCPL is a wholly owned subsidiary of WRG, it did not follow (without evidence) that WRG was the owner of the goodwill. If that assessment of the evidence filed was correct, then who owned the goodwill was a matter of fact (a view supported by paras 3-137 et seq of *The Law of Passing Off* by Christopher Wadlow – 3rd Edition). Consequently, WRG may not be able to establish that they owned the goodwill in the trade mark GRACE and the pleaded case under section 5(4)(a) may fall at the first hurdle. Mr Silcock went on to say that the point (characterised by WRG as a “technical point”) was, in his view, “of great substance” and he fully understood why the request to join GCPL had been made. That said, he indicated that KCW would resist any request by WRG to amend their pleadings and to add GCPL as an Opponent, a request he said KCW would need to consider further and, if they felt it appropriate, file evidence in response.

35. For his part, Mr Bryson argued that from the evidence filed it was clear that the goodwill in the trade mark GRACE was owned either by WRG or GCPL, or was shared between them. He noted that the point was not raised in KCW’s counterstatement, that parties are added in High Court proceedings in the same circumstances and, in his view, as neither party would need to file further evidence there would be no prejudice to KCW if GCPL were added as a joint Opponent. Mr Bryson also drew my attention to the Overriding Objective, arguing that if GCPL were not added as a joint Opponent and they lost on the goodwill point (and if the point was of significance) it may result in further proceedings and increased costs.

36. It is, I think, important to bear in mind the point at which who owned the goodwill in the trade mark GRACE became an issue in these proceedings. It was first mentioned in Mr Silcock’s skeleton argument (filed on 10 November); in that regard, I fully accept Mr Silcock’s submission to the effect that who owned the goodwill was a legal point and it was not for KCW to correct what they considered to be a defect in WRG’s evidence. The request to add GCPL as an Opponent came in J. A. Kemp’s letter of 12 November which was received by me on the morning of the hearing. Given my initial view of the matter and the timeframe involved, I saw no reason why the hearing should not go ahead and I dealt with the issue as a preliminary point. It was not until I heard Mr Silcock’s submissions in chief on the subject, that KCW’s position became clear to me. Having heard further submissions from both Counsel, I indicated that I would decide the matter as a preliminary point, against which the parties were entitled to appeal if they considered it appropriate.

37. I note that in *Pharmedica GmbH's Trade Mark* [2000] RPC 536, Pumfrey J said:

“Notwithstanding the fact that the registrar is, like the county court, a tribunal which is established by statute, I have no doubt that the registrar has the power to regulate the procedure before her in such a way that she neither creates a substantial jurisdiction where none existed, nor exercises that power in a manner inconsistent with the express provisions conferring jurisdiction upon her.”

38. In reaching a conclusion, I am mindful of the above comments and the clear relationship that exists between WRG (as parent) and GCPL (as a wholly owned subsidiary). I also bear in mind that both Counsel agreed that the ownership of goodwill was a matter of fact. When I turn to consider the ground based on section 5(4)(a) of the Act, the evidence provided may in fact establish that WRG own the goodwill in the trade mark GRACE (and effectively render the request to add GCPL redundant); equally it may show that GCPL own the goodwill or that it is shared between them. I am also conscious that the Overriding Objective indicates that I should ensure that cases are dealt with expeditiously and fairly and insofar as possible that costs should be minimised and a multiplicity of proceedings avoided. If WRG's request is allowed, both parties will need to amend their pleadings, but the addition of GCPL ought not, in my view, to require KCW to file further evidence, nor would it, in my view, mean a change in the nature of KCW's submissions to any appreciable extent. KCW will, I accept, suffer a degree of prejudice but this can be compensated for in costs. Having balanced the parties' competing submissions and all the surrounding circumstances, I have concluded that it is appropriate for me to exercise the discretion available to me in WRG's favour and in so doing to allow GCPL to be added as a joint Opponent.

Conclusion on the request to add GCPL as an Opponent

39. For the reasons indicated, I have allowed WRG to add GCPL as a joint Opponent. As a consequence, it will be necessary for WRG to amend their Form TM7 and Statement of Case to reflect this amendment, and for KCW to file an amended counterstatement in response to this amendment. The Trade Marks Registry will, when this decision is issued (and within the period allowed for appeal) write to the parties setting a timescale for these actions to be taken.

The substantive grounds

40. The grounds of opposition are based upon sections 5(2)(a), 5(3) and 5(4)(a) of the Act. Section 5(2)(a) of the Act reads as follows:

“5. - (2) A trade mark shall not be registered if because -

(a) it is identical with an earlier trade mark and is to be registered for goods and services similar to those for which the earlier trade mark is protected, or

(b)

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.-(1) In this Act an “earlier trade mark” means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

41. In these proceedings WRG is relying on the registered community trade mark shown in paragraph 2 above, which has an application date of 1 April 1996 which is prior to that of the application for registration; as such, it clearly qualifies as an earlier trade mark under the above provisions. The application for registration was published for opposition purposes on 20 October 2006 and the registration procedure for WRG’s earlier trade mark was completed on 21 August 1998. As such, WRG’s earlier trade mark is, in principle, subject to The Trade Marks (Proof of Use, etc) Regulations 2004; as I noted at paragraph 5 above, KCW have asked WRG to substantiate the use made of their trade mark in classes 1, 17 and 19.

42. The Trade Marks (Proof of Use, etc) Regulations 2004 read:

“6A Raising of relative grounds in opposition proceedings in case of non- use

(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark in relation to which the conditions set out in section 5(1),(2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4) (relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

Proof of use

43. In reaching a conclusion on this point, I must apply the same factors as I would if I were determining an application for revocation based on the grounds of non-use. At the hearing, both Counsel agreed that the relevant period for present purposes was the five year period ending with the date of publication of the application for registration i.e. 21

October 2001 to 20 October 2006. At the outset, Mr Bryson helpfully indicated that he only intended to proceed on the basis that WRG had during the relevant period made use of the trade mark GRACE for the goods registered in class 19; if he failed in that regard, he was, he commented, unlikely to persuade me in relation to the goods in classes 1 and 17. I shall proceed on that basis.

44. The principles to be applied when determining whether there has been genuine use of a trade mark can be found in *Ansul BV v Ajax Brandbeveiliging BV* [2003] R.P.C. 40 and *Laboratoire de la Mer Trade Mark* [2006] F.S.R. 5. From these cases I derive the following principles:

- genuine use entails use that is not merely token. It must also be consistent with the essential function of a trade mark, that is to say to guarantee the identity of the origin of goods or services to consumers or end users (*Ansul*, paragraph 36);
- the use must be 'on the market' and not just internal to the undertaking concerned (*Ansul*, paragraph 37);
- it must be with a view to creating or preserving an outlet for the goods or services (*Ansul*, paragraph 37);
- the use must relate to goods or services already marketed or about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns (*Ansul*, paragraph 37);
- all the facts and circumstances relevant to determining whether the commercial exploitation of the mark is real must be taken into account (*Ansul*, paragraph 38);
- the assessment must have regard to the nature of the goods or services, the characteristics of the market concerned and the scale and frequency of use (*Ansul*, paragraph 39);
- but the use need not be quantitatively significant for it to be deemed genuine (*Ansul*, paragraph 39);
- an act of importation could constitute putting goods on the market (*Laboratoire de la Mer*, paragraph 25 referring to the earlier reasoned order of the ECJ);
- there is no requirement that the mark must have come to the attention of the end user or consumer (*Laboratoire de la Mer*, paragraphs 32 and 48);
- what matters are the objective circumstances of each case and not just what the proprietor planned to do (*Laboratoire de la Mer*, paragraph 34);

- the need to show that the use is sufficient to create or preserve a market share should not be construed as imposing a requirement that a significant market share has to be achieved (*Laboratoire de la Mer*, paragraph 44).

45. I must also keep in mind the guidance in *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 in relation to determining what constitutes a fair specification, namely:

“29 I have no doubt that Pumfrey J. was correct to reject the approach advocated in the Premier Brands case. His reasoning in paras [22] and [24] of his judgment is correct. Because of s.10(2), fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out, to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take, for instance, a registration for "motor vehicles" only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under s.10(1). That might be understandable having regard to the similarity of goods. However, the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under s.10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J. to "dig deeper". But the crucial question is--how deep?

30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?

31 Pumfrey J. in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under s.10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use.”

46. In addition, the comments of Mr Justice Jacob (as he then was) in *Animal Trade Mark* [2004] FSR 19 are also relevant.

“20 The reason for bringing the public perception in this way is because it is the public which uses and relies upon trade marks. I do not think there is anything technical about this: the consumer is not expected to think in a pernicky way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. Thus, for instance, if there has only been use for threeholed razor blades imported from Venezuela (Mr T.A. Blanco White's brilliant and memorable example of a narrow specification) "three-holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods--are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made.”

47. As WRG are relying on a community trade mark, I need to determine whether use in the United Kingdom (for that is primarily what the evidence of Mr Michaels shows), is sufficient. In this regard, I note (with my emphasis) the following comments contained in the OHIM guidelines in relation to proof of use:

“3.2. CTMs: Use in the European Community

If the earlier mark is a Community mark, it must be used “in the Community” (Article 15(1) and Article 43(2) CTMR).

Genuine use within the meaning of Article 15 CTMR may be found also when the criteria of that article have been complied with in only one part of the Community, such as in a single Member State or in a part thereof. In territorial terms, the appropriate approach is not that of political boundaries but of market(s). Above, any other rule would discriminate between small and big enterprises, and thus be contrary to the aim pursued by the CTM system which should be open to businesses of all kinds and sizes.

The sufficiency of use in only a part of the Community is reflected in the Joint Statements by the Council and the Commission entered in the minutes of the

Council meeting at which the CTMR was adopted (Joint Statements by the Council and the Commission of 20.10.1995, No B. 10 to 15, OJ OHIM 1996, 615). According to these statements, "The Council and the Commission consider that *use which is genuine within the meaning of Article 15* in one country constitutes genuine use in the Community". While these statements only have an interpretative value and are not legally binding, they have been applied by Office.

It must in any event be underlined that it is the European requirements or standards which must be complied with and not the national standards. It may be that European quantity standards could be different than the respective national criteria in some cases."

In addition and by analogy, I also think that the following OHIM guidelines regarding revocation (again with my emphasis) on the grounds of non-use are relevant:.

"3.1.3. Geographical extent of use

Genuine use may be found also when the mark has been used in only one part of the Community, such as in a single Member State or in a part thereof. Any other rule would discriminate between small and big enterprises, and thus be contrary to the aim pursued by the CTM system which should be open to businesses of all kinds and sizes.

...."

48. It is clear from the above that to comply with the proof of use provisions before OHIM, use of a community trade mark in the United Kingdom (assuming it is considered genuine) ought to be considered sufficient. I note that a similar view (albeit in the context of in which jurisdiction a community trade mark must be used to establish a reputation for the purposes of Article 9(1)(c)), was reached by Mr Geoffrey Hobbs QC sitting as a Deputy High Court Judge in *Whirlpool Corporation et al and Kenwood Limited* [2008] EWHC 1930 (Ch), (paragraph 76 of his decision refers).

49. I shall deal first with the trade mark that has been used. The trade mark which appears most often in the evidence is that shown in paragraph 10 above and which I have referred to as the words GCP. At the hearing, Mr Silcock accepted that the evidence showed isolated examples of the GRACE trade mark used alone, but commented that this use was never far from the words GCP. He described the trade mark shown at paragraph 10 as a logo and having noted that the company name of WRG's subsidiary in the United Kingdom was Grace Constructions Products Limited, he concluded that this was how the trade mark would be perceived i.e. as a unified whole and not as the word GRACE alone. To support this contention he drew my attention to the comments of Jacob LJ in *Reed Executive plc v. Reed Business Information* [2004] RPC 40 namely:

“37.It was over “Reed Business Information” that battle was joined. The composite is not the same as, for instance, use of the word “Reed” in the sentence: “Get business information from Reed”. In the latter case the only “trade-marky” bit would be “Reed”. In the former, the name as a whole is “Reed Business Information”. The use of capital letters is of some visual significance – it conveys to the average user that “Business Information” is part of the name. If the added words had been wholly and specifically descriptive – really adding nothing at all (e.g. “Palmolive Soap” compared with “Palmolive”) the position might have been different. But “Business Information” is not so descriptive – it is too general for that.”

50. However as Mr Bryson pointed out, these comments were made in the context of an infringement action brought under section 10(1) of the Act, where Jacob LJ was considering whether the trade mark “Reed Business Information” was identical to the trade mark “Reed”, with him reaching the conclusion that it was not. In this regard, I agree with Mr Bryson that the comments of Jacob LJ were directed at a different question to the one now before me and as such I need to reach my own conclusion on the point. While there is some use shown in the evidence of the trade mark GRACE alone, I do not, I think, need to dwell on this point. I say that because, in my view, the use of the trade mark:



constitutes (in the context of a trade in products in class 19 for use in the construction industry), use of the trade mark GRACE as relied upon by WRG in these proceedings.

51. Turning to the goods on which the trade mark has been used, Mr Bryson argued his case by reference principally to exhibits DM6 to DM9. In response to a question from me, Mr Silcock accepted that use had been made on all of the goods in class 19 identified by Mr Bryson. These were:

Waterproofing systems and membranes, sprayed liquid waterproofing, gas resistant membranes, drainage sheets, joint sealants and fillers and gypsum and Portman cement based spray applied fire protection systems.

52. Given that WRG were now only relying on use of the trade mark on the above goods, I asked Mr Bryson how, given that the turnover and promotional and advertising figures shown in paragraph 12 were not split by class, I could assess what percentage of these figures related solely to the above goods in class 19. In this regard, Mr Bryson

drew my attention to paragraph 5 of the witness statement of Mr Michaels in which he says, inter alia:

“5. [GCPL] offers a wide range of innovative speciality construction chemicals and materials that includes concrete admixtures and fibres, products for architectural concrete, cement processing additives, products for light and heavy precast concrete, roofing underlayments, structural waterproofing systems and fire protection products...”

53. While he accepted that some of these goods were proper to classes other than class 19, Mr Bryson argued that as the turnover figures etc. provided only related to the above goods, the limited specification combined with the volume and nature of the evidence provided made it safe to infer that the percentage of sales proper to class 19 (while less than the overall figures) was still substantial. Not surprisingly, Mr Silcock argued such an inference was inappropriate and I was, in effect, simply being asked by Mr Bryson to guess. In my view, the position is somewhere between the two.

54. From the evidence provided, it is claimed that the GRACE trade mark has been used in the United Kingdom since 1990 in relation to the products identified at paragraph 5 of Mr Michael’s witness statement. Although a number of the exhibits are either undated or date from after the material date in these proceedings, I accept that they may still assist by shedding light backwards. Of the exhibits specifically relied upon by Mr Bryson, I have already noted above that DM6 dates from 2004, DM7 from 2005, DM8 from 1999 and DM9 (while undated) refers to “for several years”. I have summarised the other exhibits attached to Mr Michael’s witness statement above and identified the goods to which they relate and their dates.

55. While explicit turnover and promotional figures in relation to goods in class 19 would have been helpful (or estimate provided), I accept that trade mark owners do not always organise their accounts in this manner and providing estimates can prove difficult. I am also mindful of the fact that I have not been told the value of the market for the claimed goods (which I presume to be significant) or WRG’s position in that market. However subject to these caveats, the evidence provided when taken as a whole paints a picture of a company that has been in business for a number of years and who trade in a significant way and on a national basis. Turnover in the relevant period amounted to something in the order of £204m, with a promotional spend in excess of £600k. While I accept that these figures do not relate solely to goods proper to class 19, given the nature of the evidence filed I am prepared, as Mr Bryson argued, to infer that a not insignificant proportion of it does.

56. Having reached that conclusion, I now need to determine what constitutes a fair specification having applied the guidance provided in the *Thompson* and *Animal* cases. Mr Bryson argued that use on the goods shown in paragraph 51 was sufficient for WRG to maintain (for the proof of use comparison) their specification as it stands registered in class 19 i.e.

Non-metallic building materials; materials for use in building and civil engineering, construction and repair.

57. In determining what is a fair specification I must also keep in mind the principle established by the Court of First Instance in *Reckitt Benckiser (España), SL v OHIM*, Case T- 126/03 where it held that:

“45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or subcategories to which the goods or services for which the trade mark has actually been used belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of ‘part of the goods or services’ cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.”

58. In my view, the words “Non-metallic building materials and materials for use in building and civil engineering, construction and repair” are extremely broad and encompass a wide range of goods in class 19 for which no evidence of use has been provided by WRG. That said, I cannot with any real confidence identify a clearly defined sub-category into which the use made by WRG of their GRACE trade mark does fall. That being the case and having reached the very clear view that the use identified by Mr Bryson does not support a comparison based on the specification in class 19 for all of the goods for which WRG’s GRACE trade mark is registered, I intend to conduct the comparison on the basis of the specific goods identified by Mr Bryson at the hearing.

Conclusion on Proof of Use

59. In summary, I accept that genuine use of the trade mark GRACE has been made during the relevant period for: “Waterproofing systems and membranes, sprayed liquid waterproofing, gas resistant membranes, drainage sheets, joint sealants and fillers and gypsum and Portman cement based spray applied fire protection systems”.

60. Having determined what I consider to be a fair specification, I now turn to the objection based on section 5(2)(a) of the Act with that specification of goods in mind. In reaching a decision, I have taken into account the guidance provided by the European Court of Justice (“ECJ”) in a number of judgments germane to this issue, notably in: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117, *Lloyd Schuhfabrik Mayer & Co. GmbH v. Klijsen Handel B.V* [2000] F.S.R. 77 and *Marca Mode CV v. Adidas AG + Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG V Thomson multimedia Sales Germany & Austria GmbH* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05).

It is clear from all these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all the relevant factors; *Sabel BV v. Puma AG*, paragraph 22;

(b) the matter must be judged through the eyes of the average consumer of the good/services in question; *Sabel BV v. Puma AG*, paragraph 23, who is deemed to be reasonably well informed and circumspect and observant – but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;

(e) when considering composite marks, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element; *Shaker di L. Laudato & Co. Sas* (C-334/05), paragraph 42;

(f) an element of a mark may play an independent distinctive role within it without necessarily constituting the dominant element; *Medion AG V Thomson multimedia Sales Germany & Austria GmbH*, paragraph 30;

(g) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;

(h) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;

(i) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;

(j) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v. Adidas AG + Adidas Benelux BV*, paragraph 41;

(k) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

The average consumer and the nature of the purchasing decision

61. As the case law above indicates, it is necessary for me to determine who is the average consumer for the respective parties' goods and services and to establish the manner in which the respective goods and services are likely to be encountered in trade. At the hearing, Mr Bryson characterised the average consumer for WRG's goods in class 19 as building contractors, architects and structural engineers. Mr Silcock, having initially characterised the average consumer of KCW's services as "anyone seeking architectural services" accepted, following a question from me regarding the differences in the type of services sought in class 37 to those in class 42, that the average consumer for the services in class 37 could well be any member of the general public.

62. It seems to me, given the nature of WRG's goods in class 19, that the average consumer (described above) will be a person who is likely to be well informed and often professionally qualified. Although WRG's goods could be bought by a member of the public, given their nature they are more likely in my view to be bought or specified by a well informed or professional person working on behalf of an individual or organisation. Given their potential cost and their importance to a project (e.g. fire protection systems), the goods are unlikely to be bought without a good deal of care and, one assumes given the nature of WRG's evidence, after having satisfied oneself (after reviewing relevant documentation and where appropriate seeking technical advice), that the goods are suitable for use in the project concerned.

63. Insofar as KCW are concerned, their services are directed at both the general public and organisations. While their services in class 42 are more professionally orientated than those in class 37, it seems to me that all of the services provided by KCW are likely to involve a not insignificant financial outlay. I agree with the comment in Mr Silcock’s skeleton argument to the effect that KCW’s services point to:

”.the commencement or continuation of a professional client/architect relationship.”

Although this comment seems to me to focus on KCW’s services in class 42, similar considerations also apply to their services in class 37. In view of the above, the average consumer is, in my view, only likely to engage KCW having satisfied themselves (perhaps after seeing their advertisements and making enquiries, or following recommendations from others), that KCW services are suitable for the project (be it large or small) they have in mind.

The average consumer for the respective parties’ goods and services are likely to encounter their trade marks used in, inter alia, advertisements, articles and product literature; recommendations will inevitably also be made by word of mouth. As such, the visual/conceptual aspects of the trade marks as well as oral usage will all play a part in the selection process.

Comparison of trade marks

64. In their counterstatement KCW admit that the respective parties’ trade marks are identical.

Comparison of goods and services

65. The respective goods and services (following my proof of use assessment) now in issue in these proceedings are, for convenience, as follows:

WRG’s goods	KCW’s services
Waterproofing systems and membranes, sprayed liquid waterproofing, gas resistant membranes, drainage sheets, joint sealants and fillers and gypsum and Portman cement based spray applied fire protection systems.	<p>Class 37 - Advisory services relating to painting and decorating of buildings; advisory services, relating to the repair, maintenance improvement, renovation, restoration, and construction of buildings; property development services; building work and construction supervision; on-site building project management; information, consultancy and advisory service related to the aforesaid.</p> <p>Class 42 - Architectural services; architectural planning services; civil</p>

	<p>engineering planning services; preparation of architectural plans and reports; advisory services relating to planning applications; surveying services; off site building project management; information, consultancy and advisory services relating to the aforesaid services.</p>
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66. The leading authorities on how to determine similarity between goods and services are considered to be the *Canon* case (supra) and *British Sugar Plc v James Robertson & Sons Ltd (Treat)* [1996] R.P.C. 281. In the first of these cases the ECJ accepted that all relevant factors should be taken into account including the nature of the goods/services, their intended purpose, their method of use and whether they are in competition with each other or are complementary. The criteria identified in the *Treat* case were:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market.
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

67. In relation to the similarity of the goods and services at issue in these proceedings, Counsel took the following positions in their skeleton arguments:

WRG:

“Here, the goods of the earlier mark, and in particular those in class 19 are complementary to the services of the earlier mark in classes 37 and 42. The goods and the services are closely linked in that they share the same general purpose: they are provided for the purpose of construction (including renovation and repair) of buildings and similar structures. Architects and consulting

engineers specify specialist building materials for the projects in which they are concerned and advise on their use....”

KCW:

“nature and method of use: clearly dissimilar;

end users: the purchasers and end users of construction materials and chemicals would typically be building contractors (as noted in the Opponent’s evidence) and not the ultimate client (who would typically be the purchaser of architectural services);

competition: no evidence whatsoever that either the Opponent of GCPL compete with architects (or with anyone else providing services of the types covered by the Application) in the supply of goods covered by the CTM;

complementary: this factor relates to the sale of *associated* products (for example, a consumer may purchase branded vacuum cleaner bags from the same supplier of that particular brand of vacuum cleaner, and may even be required to do so by virtue of the product design); yet there is no evidence whatsoever that the supply of architectural services (or of any of the other services specified by the Application) are *in fact* complementary (in this sense) to the sale by GCPL of any goods covered by the CTM..”

68. At the hearing Mr Bryson argued that there was a clear nexus between both those who operate in the construction industry and between WRG’s goods and KCW’s services. In support of this contention, he drew my attention to the decision of the Second Board of Appeal at OHIM dated 15 June 2007 in case R 1021/2006-2 *Atco Ltd and ALCO-Systeme GmbH*. In that decision, the Second Board held that:

“Buildings and other structures and parts and fittings therefore, excluding all kinds of valves for fluids installations”

Had a:

“...complementary character, the same purpose and a subsequent similarity...”

to:

“architectural consultation and construction consultancy; architecture; services of an engineer, especially concerning construction physics” (paragraph 22 of the decision refers).

69. Although that decision was not, Mr Bryson accepted on all fours because it related to buildings and parts and fittings as opposed to (as we have here) building materials, it did, he felt, “go in the right direction”.

70. In relation to the *Atco* case, Mr Silcock argued that it: (i) represented at best only the view of one Board of Appeal at OHIM, (ii) that it was taken in the context of the perception of the average consumer in Germany (where he argued architectural practices may be different), and (iii) that we were unaware of what evidence was filed in that case. Insofar as it differs from the view of OHIM at first instance, it was, he argued, difficult to discern the Board's reasoning and, in his view, was wrongly decided. I am of course aware that as the Boards of Appeal of OHIM are not Tribunals, but are part of the administrative system of the office, their decisions do not have the status of binding authorities, see in this regard the comments in *Procter & Gamble Company v Office for Harmonisation in the Internal Market (Trade Marks and Designs)(OHIM)* – Case T-63/01.

71. More generally Mr Silcock argued that when one considers the respective specifications in the manner suggested by Jacob J (as he then was) in *Avnet Incorporated v Isoact Limited [1998] FSR 16*, namely:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase”,

there was either no similarity, or if there was similarity, it was at a very low level.

72. In reaching a conclusion on the similarity point, I am guided by the principles contained in the *Canon* and *Treat* cases mentioned above, although not all of the factors identified in those cases are relevant in these proceedings. As an example, as Mr Silcock pointed out in his skeleton argument, there is no evidence to suggest that there is any element of competition between the respective goods and services.

73. While the physical nature and uses of the respective parties' goods and services are different, insofar as the area of trade in which the respective goods and services are used, both WRG and KCW can, in my view, be said to operate (broadly speaking) in the field of construction, although at such a high level of generality this tells one little.

74. At the hearing, Mr Bryson characterised the users of WRG's goods as building contractors, structural engineers and architects, and Mr Silcock the users of KCW's services as being the public at large (in relation to the services in class 37) and those seeking architectural services (in relation to the services in class 42). It seems to me that a building contractor may in the course of their business specify the goods of WRG. They may also seek advice on the repair, maintenance and construction of buildings or seek planning advice from KCW. In addition, structural engineers and architects may seek advice from KCW in relation to the repair and maintenance of buildings, and it would not, I think, be fanciful to suggest that a member of the public or company seeking KCW's services in classes 37 or 42 may already be familiar with the goods of WRG.

75. In his skeleton argument and at the hearing, it was the complementary nature of the respective goods and services on which Mr Bryson focused his attention. At the hearing he said:

“So there is a close nexus between all the operators and the goods and services in this sector. In our submission, they are to be regarded as similar because of that.”

And:

“The goods and services to be compared have close links and share the same general purpose.”

76. Mr Silcock’s views on how the complementary nature of the goods and services should be assessed are reproduced above. Of course the manner in which the word complementary should be construed when considering competing specifications has been restated many times (see for example Case T-420/03 – *El Corte Inglés v OHIM – Abril Sánchez and Ricote Saugar (Boomerang TV)* in which the Court of First Instance said, inter alia, at paragraph 98):

“..Goods or services which are complementary are those where there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for the production of those goods or provision of those services lies with the same undertaking (Case T-169/03 *Sergio Rossi v OHIM– Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, and judgment of 15 March 2006 in Case T-31/04 *Eurodrive Services and Distribution v OHIM – Gómez Frías (euroMASTER)*, not published in the ECR, paragraph 35).”

77. I do not feel having applied the above criteria to the goods and services at issue in these proceedings, that the relationship between them is sufficiently close for me to reasonably conclude that:

“...one is indispensable or important for the use of the other..”

78. In summary, while I have concluded that the physical nature and uses of the respective parties’ goods and services are different, that the respective goods and services are not in competition with each other nor are they complementary, there is, in my view, a degree of commonality in both the area of trade in which the respective parties’ operate, and in the average consumers who may make use of both WRG’s goods and KCW’s services.

Likelihood of confusion

79. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the goods and services and vice versa. It is also necessary for me to consider the distinctive character of the earlier trade mark, as the more distinctive the earlier trade mark (either inherently or as a result of any use that has been made of it), the greater the likelihood of confusion. The distinctive character of the earlier trade mark must be appraised by reference to the goods in respect of which use has been established and also by reference to the way it will be perceived by the average consumer. I must also keep in mind the average consumer for the goods and services and the nature of the purchasing decision.

80. Insofar as the inherent distinctive character of the word GRACE is concerned, I agree with Mr Silcock's submissions to the effect that as a word with a known meaning which is also a surname, it would not command the highest level of inherent distinctive character. This accords with Mr Bryson's submissions at the hearing, where he argued that while the word GRACE was wholly unconnected with WRG's goods it had, in his view, a reasonable degree of inherent distinctive character. Mr Silcock also argued that while it is a word that does not directly describe WRG's goods, the word GRACE was, in his view, broadly elusive of the quality of WRG's goods; I disagree. I do not see how the word GRACE meaning, inter alia, "elegance and beauty of movement, form, expression, or proportion" or "a pleasing or charming quality" (as per Collins English Dictionary (5th Edition 2000)), has any elusive quality in relation to the goods on which WRG have proven use. In my view (and as the records of OHIM suggest), the word GRACE is, in relation to the goods for which it stands registered, a trade mark possessed of sufficient inherent distinctive character to justify registration on a prima facie basis. Moving on to determine whether the use that WRG has made of their GRACE trade mark has improved its inherent distinctive character, I am faced with the same concerns I mentioned earlier in this decision when I dealt with the proof of use provisions i.e. no split of turnover, promotional figures by class etc. That said, taking the totality of WRG's evidence into consideration, I am prepared (as I did above) to accept that the use made by WRG of their GRACE trade mark since 1990 is likely to have improved its inherent distinctive character, although to exactly what extent I am unable to say.

81. In summary, the trade marks at issue are identical; by virtue of the use made of it, WRG's earlier trade mark is entitled to an enhanced (but undefined) level of protection; there is a degree of commonality in both the area of trade in which the respective parties' operate and in the average consumer; the average consumer for WRG's goods are building contractors, structural engineers and architects and for KCW's services are the public at large in relation to the services in class 37 and broadly speaking those seeking architectural advice in relation to the services in class 42; I have identified the traits of the average consumer and the nature of the purchasing process above.

82. In my view an average consumer will, given either their nature and/or potential cost pay a very high degree of attention when selecting WRG's goods or KCW's services. At the hearing Mr Bryson pointed out that the evidence establishes that WRG provide technical advice and that this would clash with KCW's services. I accept that the evidence establishes (not surprisingly) that WRG provide pre and post sale technical advice (albeit as part and parcel of the sale of their goods) and this is a matter I must factor in to the global appreciation test. However, as Mr Silcock pointed out at the hearing, the nature of the advice provided by the respective parties is quite different. The advice provided by WRG is advice provided by a manufacturer in the context of their own goods and not, as in KCW's case, advice looking at, for example, the market as a whole and a range of suppliers. In addition, I am conscious that the word GRACE is a surname. Although I am unaware how common it is, I have little doubt that to many it would be seen as a surname. Given the traits the average consumers identified are likely to display when selecting the respective parties' goods and services, I think that rather than assuming a trade connection between the respective parties simply because they both operate broadly speaking in the field of construction, they are, in my view, and given the differences that I have highlighted, more likely to think that here are two (unconnected) traders using the surname GRACE because, for example, it is the surname of someone who is either now or who has in the past has been involved in the business and from whom the company name has originated. Having applied the global approach to these findings I have, albeit with some hesitation, come to the conclusion that there is no likelihood of either direct or indirect confusion.

Conclusion on the ground based on section 5(2)(a) of the Act

For all of the above reasons, the opposition based on section 5(2)(a) of the Act fails.

83. The remaining objections are based on sections 5(3) and 5(4)(a) of the Act. Section 5(3) reads as follows:

“5-(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

(Section 5(3) has been amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C- 292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01)).

84. The scope of Section 5(3) has been considered in a number of cases most notably: *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines (Loaded) O/455/00, Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7 and *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd (Adidas-Salomon)* (C-408/01). The conclusions reached in these cases and the principles to be applied when deciding a ground based on section 5(3) are, I think, so well known as to require no further explanation here from me; I shall of course keep them in mind when reaching a decision.

85. On 27 November 2008 the ECJ delivered its judgment in *Intel Corporation Inc v CPM United Kingdom Ltd* (Case C-252/07). As this was after the date of the hearing in these proceedings, I have considered whether it was necessary for me to seek the parties' comments on this judgement before issuing my decision. Having considered the nature of the argument before me, I have concluded that it was not.

Reputation

86. To get an objection based on section 5(3) off the ground it is necessary (as per the comments in *Chevy*) for WRG to demonstrate that their GRACE trade mark has a reputation. In *Chevy* the court said:

"The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark."

In his skeleton argument Mr Bryson said inter alia:

"The public concerned, in this case, are those who would purchase and/or specify the use of the opponent's products. It is submitted that the opponent's evidence of use and reputation ...establishes the necessary reputation in the United Kingdom in this sector."

In his skeleton argument Mr Silcock said, inter alia:

"no significant evidence has been adduced by the Opponent as to the reputation of the actual mark relied upon, that is, the mark GRACE, the only significant evidence of use being evidence of use of the mark "Grace Construction Products" as a whole."

87. I have already dealt with the issue of the trade mark used by WRG earlier in this decision. At the hearing Mr Silcock accepted that the decision of Mr Geoffrey Hobbs

QC sitting as a Deputy Judge of the High Court in *Whirlpool Corporation et al and Kenwood Limited (supra)* – (see paragraph 48 above) was binding on me, although he reserved the right (should it prove necessary) to argue the point on appeal.

88. I have dealt with the shortcomings in WRG’s evidence earlier in this decision when I determined the proof of use and enhanced distinctiveness points. However, once again when taking WRG’s evidence as a whole, I am prepared to accept that amongst the relevant public (i.e. building contractors, architects and structural engineers) WRG are likely to have established a reputation for the specialist building products mentioned in paragraph 51 above.

The “Link”

89. This issue was dealt with in some detail by the court in their judgment in *Intel*. The court said, inter alia:

“41. The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42. Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public.

44. As regards the degree of similarity between the conflicting marks, the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public. That is particularly the case where those marks are identical.

45. However, the fact that the conflicting marks are identical, and even more so if they are merely similar, is not sufficient for it to be concluded that there is a link between those marks.

46. It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap.

62. The answer to point (i) of Question 1 and to Question 2 must therefore be that Article 4(4)(a) of the Directive must be interpreted as meaning that whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

63. The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.”

90. Applying the factors identified in paragraph 42 of the judgment in *Intel* to the circumstances of this case, combined with my findings earlier in this decision, I have come to the conclusion that as: (i) the marks at issue are identical, (ii) both WRG and KCW operate (at their very broadest) in the field of construction, (iii) there is an overlap in the average consumers for WRG’s goods and KCW’s services, and (iv) bearing in mind the reputation and distinctive character WRG’s GRACE trade mark enjoys, it is possible (but I put it no higher than that), that for the average consumer KCW’s trade mark may call WRG’s trade mark to mind. If that is right, then this is sufficient for the necessary link to be established.

Heads of damage

91. Having decided that WRG have the necessary reputation and that the average consumer may make the necessary link, I now go on to determine if this link is sufficient to engage any of the heads of damage identified in section 5(3).

At the hearing Mr Bryson said:

“Sir, I am not aware of any evidence of tarnishing. As to free riding, I do not really see it.”

92. The first of these statements clearly indicates that Mr Bryson was not pursuing an objection based upon detriment to repute (tarnishing). While he did not, in fairness, explicitly give up the objection based upon unfair advantage (free riding) his comment above on this point suggests to me that he felt he had little prospect of success under this head. As an aside, I note Mr Silcock’s comments to the effect that KCW were unaware of WRG and chose their GRACE trade mark because of the connection that it has with the provision of their services to churches etc. Insofar as detriment to distinctive character is concerned (dilution/blurring) this was also not argued to any great extent. There is, in any case, no evidence in these proceedings to satisfy the ECJ’s criteria in *Intel* that to show detriment to distinctive character requires evidence of

a change in the economic behaviour of the average consumer of the goods for which WRG have proved use, or a serious risk that such a change will occur.

93. That might appear to dispose of the objection on this ground. However, in his skeleton argument Mr Bryson said:

“...there is little guidance from the ECJ as to the factual circumstances which justify a finding of unfair advantage. It is submitted where, as here the owner of the earlier mark might reasonably contemplate a future extension of his business into closely related activities...the use by the applicant of the identical mark for such activities would foreclose that possibility, thereby taking unfair advantage of or being detrimental to the distinctive character or repute of the earlier mark.”

At the hearing I asked Mr Bryson:

“Is inhibition or fettering actually a head of damage under section 5(3)?”

94. I asked this question because in my view the comments of Advocate General Jacobs in his opinion in *Adidas-Salomon AG and Adidas Benelux BV v Fitness Trading Limited* (Case C-408/01) at paragraphs 36 to 39 does not indicate that foreclosure is a head of damage under section 5(3).

95. In support of his argument Mr Bryson drew my attention to the comments of Jacob LJ in *L’Oreal SA (et al) v Bellure NV (et al)* [2008] ETMR 1 dated 10 October 2007 when he said:

“My own view is that the answer ought to be "no". Clearly activities which actually harm a trade mark or its reputation ought to be caught by trade mark law. And there may be other activities which can properly be called "unfair". I doubt whether one can, could or should even try to spell them all out. But one can envisage some. Consider a very distinctive mark famous for a particular kind of product, perfumes say. The trade mark owner may reasonably one day contemplate a line extension--perhaps into jewellery or wines. If another used that self-same mark, or a confusingly similar one, for these different goods, then, even if no one is confused, he would foreclose the trade mark owner's future options. I do not see why that should not be regarded as "unfair". Similarly, if the mark is used for wholly different goods, axle grease say, in a context intended to parody, then the use may be unfair.”

96. At the hearing Mr Silcock argued that Jacob LJ's comments were not binding, were made against the background of a trade in perfumery and jewellery, and that Mr Bryson's foreclosure argument was not tenable in most cases. To support these contentions he referred me to the comments of Jacob LJ in the *Intel* proceedings in the Court of Appeal [2007] RPC 35 (paragraph 34), and the comments of Advocate General Sharpston (also in *Intel*) at paragraph 78, both of which were made in the context of detriment to the distinctive character or repute of an earlier trade mark and which

indicate that these heads of damage must be considered (primarily) in the context of the goods and services for which the earlier mark is registered. It is not, said Jacob LJ:

“...a general enquiry about whether distinctiveness is affected...”

97. I am of course aware that a similar point (described as inhibition) was argued before the Appointed Person in *Valucci Designs Limited v IPC Magazines Limited* [2000] WL 33116440. In that case, it was submitted that Valucci’s use of the trade mark LOADED on clothing would “be an unfair fetter and hence cause detriment” to IPC who had established a reputation in a magazine also called LOADED. While I note that the Appointed Person found in IPC’s favour on the inhibition point, he did so on the following basis:

“ 63. I regard this as a borderline case and have hesitated in reaching a conclusion. The evidence is not strong. There is however expert evidence on which I can place some weight for the reasons given above and there are the undoubted facts that the trade marks are the same, that LOADED is not a natural term to use as a trade mark in relation either to magazines or clothing and that the reputation which I have found to be established in the word LOADED in relation to a magazine is in relation to a magazine a significant proportion of which is devoted to the fashion industry. It is I believe inescapable that some of the kudos of LOADED magazine will accrue to any clothing sold under the LOADED trade mark. Equally the possibility that the widespread use of the trade mark on clothing could materially affect the ability of LOADED magazine to obtain advertisements from others for their clothing in the magazine is real not fanciful for the reasons not given by Mr. Paul.

64. In the final event I have concluded that this case falls just on the right side of the line from I.P.C.’s point of view. They have just succeeded in discharging the onus upon them. I have concluded that as at March 1996 use of the mark LOADED in relation to clothing would cause, on the facts of this case, sufficient detriment to I.P.C. and a sufficient likelihood of unfair advantage to Valucci for it to be wrong for the mark opposed to be registered. Accordingly the Appeal succeeds.”

98. As far as I am aware this is the only case that has succeeded on an inhibition argument. Given the comments of the Advocate General in *Adidas-Salomon* it is, in my view, arguable that inhibition actually constitutes a head of damage under section 5(3) at all. However, assuming that it does, there is no evidence in these proceedings (expert or otherwise) to suggest that those trading in the products identified in paragraph 51 above may also wish to provide the services for which KCW seek registration. In the absence of compelling evidence to this effect, I am not prepared to infer that this is the case in these proceedings and WRG’s objection based on foreclosure is dismissed accordingly.

Conclusion on the ground based on section 5(3) of the Act

For all of the above reasons, the opposition based on section 5(3) of the Act fails.

99. Finally, I turn to the objection based on section 5(4)(a) of the Act. This reads:

“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

(b)

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

100. At the hearing there was no dispute that the test proposed by Mr Geoffrey Hobbs QC, acting as the Appointed Person in *Wild Child Trade Mark* [1998] RPC 455 (where he set out a summary of the elements of an action for passing off) was appropriate. Mr Hobbs summarised the requirements as follows:

“(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.”

101. As I have already concluded that it is appropriate to allow GCPL to be joined as an Opponent in these proceedings, I intend to proceed (as Mr Bryson argued) on the basis that the use made of the GRACE trade mark is owned by either WRG or GCPL or is shared between them.

Goodwill and material date

102. Mr Bryson submitted (and Mr Silcock did not disagree) that given the nature of the use that KCW has made of their trade mark i.e. as Grace architects or Grace architecture, the material date at which WRG/GCPL had to establish a protectable goodwill was, for the purposes of these proceedings, the date of KCW’s application for registration i.e. 12 April 2006. He argued that the use made by WRG and/or GCPL of their GRACE trade mark since 1990 was more than sufficient to establish a goodwill

amongst building contractors, architects and structural engineers for the specialist building products mentioned earlier in this decision and technical advice relating to these products. I have already accepted that WRG/GCPL have not only used the trade mark GRACE but that such use was sufficient to support not only an enhanced degree of distinctive character (for the purposes of section 5(2)(a)) but also a reputation (for the purposes of section 5(3)). Consequently, I have no difficulty in accepting that at 12 April 2006 WRG/GCPL would, amongst those consumers and for the goods and services mentioned above, have established a protectable goodwill in their GRACE trade mark.

Misrepresentation

103. In his skeleton argument Mr Bryson said:

“The architects and engineers familiar with the opponent’s products may be taken to know that the opponent is a large global corporation which provides technical information and advice in relation to its products, that it publishes articles and lectures on technical matters, and that it provides training to architects. In these circumstances, given the identity of the marks and the nexus between the goods and services, it is submitted that such persons would simply assume that the opponent had extended its activities to encompass the services in classes 37 and 42 and that the service provider was connected with the opponent in some way.”

104. At the hearing (and in response to the above) Mr Silcock said:

“As a broad general point, the submissions in relation to section 5(4)...do not really take the case further than section 5(2) except, perhaps, in one respect, and that respect was the suggestion that by providing associated information, technical product information, the impression, or my understanding of the submissions, was that the goodwill had essentially been built up not simply in the supply of products but also in the supply of information associated with those products...Our answer to that is that that would be an incorrect assumption. When marketing information is provided about a particular product, the result, we would submit, is not that an independent goodwill builds up in relation to marketing advice, but that marketing advice in fact enhances the goodwill in the products themselves. It simply increases the association between the market and the products. It does not generate an independent technical advice goodwill. In any event, we would also reiterate the point made earlier on that the advice is of a very different nature.”

105. In response, Mr Bryson argued that he did not suggest that there was an independent goodwill in relation to advice; instead he urged me to simply consider what the nature of the goodwill was as a totality. I have already dealt with the technical advice point when I assessed the likelihood of confusion under section 5(2)(a) of the Act. I accept that the evidence shows that WRG/GCPL provide not only technical advice/literature on their own products, but also contribute to technical articles and

assist in the training of architects. Mr Bryson argued that bearing in mind the trade marks are identical and the clear relationship between the goods and services, the average consumer will assume that WRG/GCPL have extended its activities to encompass the services of KCW or that KCW is connected in some way with WRG/GCPL.

106. It appears to me that this extension of trade argument is not too dissimilar to the one I have already dealt with (and dismissed) under section 5(3) of the Act. However there is no evidence in these proceedings to suggest that a trader in specialist building products who I accept will in the normal course of business provide specialist advice/literature on their own products, will also provide the type of general advice contemplated by KCW's services in class 37 which is likely (as Mr Silcock argued) to consist of general advice pertaining to, inter alia, the goods/services of a wide range of manufacturers; there is certainly no evidence to suggest that such a trader would provide the more specialist services contained in class 42 of KCW's application.

107. In reaching a conclusion I must once again bear in mind that the respective trade marks are identical and that both parties operate at a very high level of generality in the field of construction. (A common field of activity is not, of course, a requirement for a claim in passing off to succeed in any case). Again with some hesitation, I have concluded that keeping in mind the nature of the trade mark on which WRG/GCPL rely i.e. as a known surname, together with what I consider to be the distance between the nature of the goodwill which WRG/GCPL enjoy in their GRACE trade mark and the services for which KCW seek registration, will not, in my view, lead to a misrepresentation by KCW which will in turn result in damage to the business of WRG/GCPL. In reaching this conclusion, I have kept in mind the example of damage envisaged in Mr Bryson's skeleton argument namely:

“Here, architects or engineers led to believe that that the applicant's services were those of or connected with the opponent would be less likely to specify the opponent's goods for projects in which they were concerned, in the belief that to do so would be benefiting a competitor who provided not only such goods, but also competitive services.”

However, and with all due respect to Mr Bryson, given the traits of the average consumer of WRG/GCPL's goods that I have identified above, such a conclusion on their part seems most unlikely.

Conclusion on the ground based in section 5(4)(a) of the Act

108. For all of the above reasons, the opposition based on section 5(4)(a) of the Act fails.

Costs

109. The opposition has failed on all grounds. At the hearing both Counsel agreed that costs should follow the event and be based on the published scale. At the time these proceedings were launched awards of costs were governed by Annex A of Tribunal Practice Notice (TPN) 2 of 2000. Using that TPN as a guide, I award costs to KCW on the following basis:

Considering Notice of Opposition and Statement of Case in reply:	£500
Amendment of Statement of Case in reply in response to WRG's request to add GCPL as a joint Opponent:	£100
Preparing & filing evidence:	£500
Considering WRG's evidence:	£500
Preparation for and attendance at the Hearing:	£1000
Total:	£2600

110. I order W.R. Grace & Co.- Conn to pay to K C White Consultancy Ltd the sum of £2600. 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 3rd day of March 2009

C J BOWEN
For the Registrar
The Comptroller-General