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ZUMA in the Dog House

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The recent Intellectual Property Enterprise Court (IPEC) decision of *Azumi v Zuma's Choice Pet Products & Ors* touches upon a Smörgåsbord of issues, including a discussion around the size of Azumi's market share, the interplay of pet food and restaurants, the joint liability of a director, a dog claiming an own name defence, legal threats and the all-important business of costs.

Azumi operates a global chain of high-end Japanese restaurants (established in London in 2002). Since opening, Azumi has featured extensively in the trade press and restaurant guides. Azumi owns a total of three UK and EU registrations for ZUMA (word or logo) covering food, drink and restaurant services.

Zuma's Choice Pet Products (ZCPP), named after the owner's dog, incorporated its business in 2014 to manufacture and sell high quality dog and cat food. ZCPP registered the domain <dineinwithzuma.com>, which linked to a website offering pet food. The website featured Zuma in a bowtie along with the banner DINE IN WITH ZUMA (DIWZ).

ZCPP applied for DINE IN WITH ZUMA [word] in the UK, which was opposed by Azumi based on its earlier rights. Azumi subsequently sent two letters before action to ZCPP before issuing proceedings in IPEC. ZCPP counterclaimed and issued two separate sets of proceedings against Azumi, all for unjustified threats.

Azumi claimed that ZCPP's use could potentially (ZCPP having not yet begun actively trading) cause detriment to the distinctive character (dilution) and reputation (tarnishment) of its ZUMA marks.

Azumi claimed a reputation on the basis of one London restaurant and an alleged 0.03% of the UK restaurant market. The Court was quick to highlight that the relevant market was the smaller high-end restaurants in London and that the test for reputation is not a high bar. Azumi's turnover of £14m in 2015, press releases, celebrity endorsements and high reservation numbers was enough for the Court to find sufficient reputation.

The Court found a link because Azumi's reputation meant that a wide cross-section of high-end London diners would be aware of the brand and in turn would be likely to own dogs or be in the market for dog treats. This was compounded by ZCPP's admission that it aspired to sell its product in supermarkets and the humanising of the goods, including the use of "Dine in" in the brand name product titles such as "Slow Braised Pork" and a dog in a bowtie.

Whilst it is likely that a claim by Azumi based on consumer confusion would have failed because of the differences in the goods and services, those differences worked in its favour here. The Court found tarnishment based on an “inherent tension” between dog food and human food, which was even greater for a high-end restaurant like Azumi’s – the quality of the dog food being irrelevant. Azumi’s ZUMA brand was also under threat from dilution based on this tension and ZCPP’s ambitions to enter into supermarkets.

Interestingly, ZCPP claimed an own name defence based on the dog’s name and because Zuma’s Choice Pet Products is the company name. The ‘dog defence’ failed because the dog was not a natural person to proceedings, nor was it a natural person or company.

Readers will recall that the amendments to EU Regulation and Directive last year limited an own name defence for infringement proceedings to individuals. A combination of Brexit and the development of UK law means that the UK is in a unique position within the current EU for brand owners looking to make out an own name defence. Whilst this would still have meant that ZCPP had a defence against the UK infringement claims, this also failed because ZUMA was not the entirety of the business name, nor had the business begun trading. This is an interesting development in a string of UK case law on the own name defence (see most recently *Maier v ASOS case*).

ZCPP’s sole director was also found to be jointly liable for the infringement because she assisted in commissioning the use of the DIWZ brand by ZCPP. The recent UK decision around this area (see the *Sea Shepherd case*) provides a useful tool for brand owners who want to be able to lift the corporate veil and pursue claims against individuals acting behind the scenes.

The IPEC provides litigants with a reassuring costs cap of £50k in respect of a trial on liability. However, ZCPP’s refusal to consolidate its own claims with Azumi’s together with several unsuccessful interim applications meant that the IPEC awarded off-the-scale costs to Azumi for £66k. Those seeking to litigate in the IPEC should note that the costs cap is a guide, but not a licence for unreasonable conduct throughout proceedings.

As to the claims of groundless threats, these generally failed in view of Azumi’s successful infringement claims. ZCPP succeeded, however, in its use of Zuma’s Choice Pet Products as a company name and remained entitled to use it as a company name only, but not in the course of trade as a brand/trade mark. Given that it was not yet trading, though, damages were not awarded to ZCPP because it could not show any actual loss.

The decision shows the power that a reputation claim can offer operators in niche areas, particularly where a positive finding of confusion would be unlikely due to the disparity between the goods and services. The clarification that dogs are not natural persons for the purposes of the own name defence is also invaluable!

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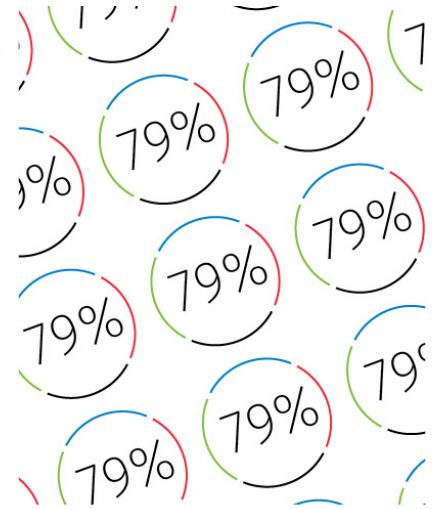
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