

O-072-05

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2315534  
BY MR AND MRS ABDUL AZIZ LATIF  
TO REGISTER A TRADE MARK IN CLASS 43**

**AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER No. 91921  
BY DALLAS CHICKEN & RIBS LIMITED**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF Application No. 2315534  
by Mr and Mrs Abdul Aziz Latif to register a  
Trade Mark in Class 43**

**and**

**IN THE MATTER OF Opposition thereto under No. 91921  
by Dallas Chicken & Ribs Limited**

**BACKGROUND**

1. On 12 November 2002 Mr and Mrs Abdul Aziz Latif applied to register the following trade mark in Class 43 of the register for a specification of "Provision of food and drink":



2. The application was accepted by the Registrar and published in the Trade Marks Journal.

3. On 22 August 2003 Dallas Chicken & Ribs Limited filed Notice of Opposition against the application. In summary the grounds are:

- (i) Under Section 5(4)(a) of the Act by virtue of the law of passing off as the opponent has been using the following trade mark in the UK since at least 1996 in relation to the conduct of its food and beverage business, and the opponent's mark is widely recognised as synonymous with fast food outlets associated with the opponent:



(ii) Under Section 5(4)(b) of the Act by virtue of an earlier right, in particular by virtue of the law of copyright, namely the opponent's copyright in the original artistic work shown above;

(iii) Under Section 3(6) of the Act because the application was made in bad faith, as the applicants have been the opponent's franchisees since around October 2000 and were therefore aware that the opponent is the owner of the mark in suit.

4. The applicants filed a Counterstatement denying the grounds of opposition.

5. The opponent has filed evidence and written submissions. No evidence was filed by the applicants, nor did they forward written submissions. Both parties are content for a decision to be taken without recourse to a hearing.

### **OPPONENT'S EVIDENCE**

6. The opponent's evidence consists of a witness statement by Abdul Waheed dated 24 June 2004. Mr Waheed is the Managing Director of Dallas Chicken & Ribs Limited (the opponent company).

7. Mr Waheed explains that his company was incorporated on 3 December 1996 and at Exhibit AW1 to his statement is a copy of the Certificate of Incorporation for DALLAS CHICKEN & RIBS LIMITED. Mr Waheed adds that the company has used the aforementioned name since incorporation.

8. Mr Waheed states that his company's trade mark (see paragraph 3 above) was devised during 1995/96 and the first fascia sign was designed, built and installed by M.B.C. Signs (London) Ltd at 30 Camberwell Road, Camberwell, London, SE5 0EN. At Exhibit AW2 to Mr Waheed's statement is a copy of a letter from that company confirming the above. Mr Waheed adds that his company's trade mark is an artistic work in which copyright subsists and that his company owns the copyright therein.

9. Mr Waheed states that his company first used its trade mark in 1996 and that it has been used continuously by his company and its franchisees on an ever increasing extent since that date in relation to the conduct of food and beverage outlets, and in relation to food and beverages and the provision thereof. He adds that his company now has thirty-four outlets run by franchisees of his company. Exhibit AW3 to his statement lists the company's outlets and shows the date of opening for each outlet.

10. Next, Mr Waheed turns to his company's relationship with the applicants. He states that during 2000, Mr and Mrs Abdul Aziz Latif agreed to operate an outlet in Green Lane Road, Leicester as franchisees of the opponent company. He adds that the applicants' agreed the terms of the franchise and occupied the property in or around October 2000, but, despite their verbal agreement to the terms and conditions, the applicants never actually signed the franchise agreement. Exhibit AW4 to Mr Waheed's statement is a copy of the (unsigned) Franchise Agreement with Mr Latif.

11. Mr Waheed explains that the applicants paid his company for equipment for the outlet and also ordered supplies in accordance with the terms of the Agreement. He goes on to state

that, despite demands for payment, the applicants have not paid any royalties to his company and are in default of the Agreement. Mr Waheed draws attention to Exhibit AW5 to his statement, which consists of copies of correspondence between the parties on this issue.

12. Mr Waheed draws attention to that part of the Franchise Agreement (Exhibit AW4 to his statement – see above) which sets out provisions concerning trade marks, in particular the following:

**“13. PROPRIETARY MARKS**

13.1 The Franchisee acknowledges that the goodwill and all rights in and associated with the Proprietary Marks rest absolutely in the Franchisor and that it is the intention of the parties that all such rights will at all times hereafter and for all purpose remain vested in the Franchisor and in the event that at any time any rights in this respect accrue to the Franchisee by application of law or howsoever otherwise the Franchisee will at its own expense forthwith on demand do all such acts and things and execute all such documents as the Franchisor shall deem necessary to vest such rights absolutely in the Franchisor.

13.2 The Franchisee will notify the Franchisor forthwith of any and all circumstances coming to the attention of the Franchisee, its directors, agents and employees which may constitute an infringement of any of the Proprietary Marks or in respect of passing off by any unauthorised person and shall take such reasonable action in connection therewith as the Franchisor may direct at the expense of the Franchisor unless such expense is attributable to any act or omissions by the Franchisee and/or its directors, agents and employees in which case all expenses shall be the liability of the Franchisee.

13.3 The Franchisee shall take such action in relation to the use of the Proprietary Marks in the Business as the Franchisor may from time to time direct in order to make clear that the Proprietary Marks are the subject of patent, trademark or copyright protection.”

13. Mr Waheed states that although the applicants did not sign the Franchise Agreement, they accepted the terms of the Agreement, were cognisant with the Agreement and were aware that the trade mark belonged to the opponent company. He adds that the opponent stands to suffer significant inconvenience and damage if the application proceeds.

**OPPONENT’S WRITTEN SUBMISSIONS**

14. The opponent’s written submissions are attached to a letter dated 5 January 2005 from Murgitroyd & Co, the opponent’s professional advisors in these proceedings. In essence, this summarises the grounds of opposition and the evidence filed, stressing that the application was made in knowledge of the opponent’s rights and without the opponent’s authorisation.

15. This completes my background summary and I turn now to the decision.

## DECISION

16. Firstly, I consider the ground of opposition under Section 5(4)(a) of the Act, which states:

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

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

17. I intend to apply the test outlined in Halsbury’s Laws of England (4<sup>th</sup> Edition) as adopted by Mr G Hobbs QC, in *Wild Child* 1998 RPC at 460. The relevant passages are re-produced below:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.”

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;

- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

18. Thus, to succeed in a passing off action, it is necessary for the opponent to establish that at the relevant date (12 November 2002): (i) it had acquired goodwill under the trade mark; (ii) that use of the applicants’ mark would amount to a misrepresentation likely to lead to confusion as to the origin of the goods or services and (iii) that such confusion is likely to cause real damage to the opponent’s goodwill.

19. With these considerations in mind I turn to assess the evidence filed in these proceedings. I will consider the issue under the three main headings of Goodwill, Misrepresentation and Damage.

### **Goodwill**

20. The opponent has claimed continuous use of its mark since 1996 in relation to the provision of food and drink through its franchisees throughout the country. Exhibit AW3 to Mr Waheed’s witness statement shows that at the relevant date (12 November 2002) the opponent had some thirty plus shops throughout the UK. Exhibit AW5 to Mr Waheed’s witness statement (the correspondence with the applicants) also makes reference to the trade mark signage outside the applicants’ shop in Leicester (in the context of its removal) and outstanding royalty payments and other monies due, prior to the relevant date for these proceedings.

21. The opponent’s evidence is somewhat vague as to the extent of the opponent’s use and no figures in relation to its turnover and promotional expenditure is provided. While these are serious omissions, it seems to me that the business generated by thirty plus shops throughout the UK means that the opponent’s activities suffice to provide the opponent with the necessary goodwill to mount a passing off action. As stated in Kerly’s Law of Trade Marks and Trade Names (13<sup>th</sup> Edition) at paragraph 14-08 at page 20 under the heading of “Reputation”:

“The mark or other indication concerned need not be universally known. A small trader with a limited clientele is as much entitled to protect his brands and business name as any large concern. The overriding consideration, in judging the extent of the reputation, is whether the claimant has built up a goodwill to the point where substantial damage will be caused to it by the acts complained of.”

### **Misrepresentation**

22. To succeed under this heading the opponent has to show that the relevant public will believe the services offered by the applicants are services provided by the opponent. The relevant public in this case are the general public who purchase food and drink from “fast food” outlets.

23. Firstly, I turn to a consideration of the respective activities in which the opponent and applicants are engaged. The evidence shows that the opponent carries on the business of franchising its trade mark to “fast food” outlets who provide food and drink to the public. As the applicants’ specification of services is for the “Provision of food and drink”, the activities of the parties are identical. The services would be in direct competition.

24. I now go to a consideration of the opponent’s mark with the application in suit. It is obvious that the marks are identical.

25. Given that the parties are engaged in identical activities under identical trade marks, confusion and deception to the relevant public must result.

### **Damage**

26. It must follow that where the parties are in the same field of activity and there is confusion as to the provider of the service, there will be damage.

### **CONCLUSION**

27. The opposition under Section 5(4)(a) of the Act succeeds. Accordingly, I have no need to go on and consider the other grounds raised.

### **COSTS**

28. The opposition having succeeded the opponent is entitled to a contribution towards costs. I order the applicants to pay the opponent the sum of £1,100. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 17<sup>th</sup> day of March 2005**

**JOHN MacGILLIVRAY  
For the Registrar  
the Comptroller-General**