

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION **m** 9131
BY TENNESSEE FRIED CHICKEN (EUROPE) LTD
FOR REVOCATION/INVALIDATION OF THE TRADE MARK **m** 1342494

TENNESSEE FRIED CHICKEN

STANDING IN THE NAME OF
HYCARE FAST FOODS LTD

DECISION

The Trade Mark is registered as **m** 1342494 for 'Restaurant services; all included in Class 42' and the registration stands in the name of Hycare Fast Foods Limited, Africa House, 67-78 Kingsway, London, WC2B 6AH. The application for registration was made on 28 April 1988 and the mark was placed on the register on 1 October 1994.

On 30 July 1996 Tennessee Fried Chicken (European) Limited applied for revocation on the ground of the use the Proprietors have made of the mark under s 46(1)(d), and for invalidation under s 47(2)(b) because use of the Proprietor's mark for restaurant services in Greater London or the Midlands is liable to be prevented by virtue of the law of passing off and, finally, on the basis of bad faith.

The Registered Proprietor deny the Applicants grounds in a counter statement and both have submitted evidence and ask for their costs. A hearing took place on 28 January 1999, with Mrs Maddox of the Trade Mark Protection Society appearing for the Applicants and Mr Bernard of F J Cleveland appearing for the Register Proprietor.

The Evidence

The Applicants enclosed a statutory declaration from Mr Lincoln Matadeen, a Director of Tennessee Fried Chicken (European) Limited. Mr Matadeen states that in July 1988, together with Dolores Ramdas, he opened the first TENNESSEE FRIED CHICKEN takeaway food shop in 228 High Street, North East Ham, London, the name TENNESSEE FRIED CHICKEN and the ROOSTER device shown below appearing on the shop fascia. He adds that the food sold by the shop consisted of cooked chicken, chipped potatoes, soups, salads, sauces and condiments which customers purchased for consumption off the premises.



Mr Matadeen refers to Exhibit TFC1 which he says contains his letter of 16th June 1989 addressed to Trade Mark Protection Society setting out the goods sold at that date. (This letter actually appears in TCF2.)

Mr Matadeen says that he and Ms Ramdas, the Directors of the Company, formed a business plan some months prior to its formation, chose the name TENNESSEE FRIED CHICKEN in early 1988 and commissioned the design of the packaging. He says by October 1988 his company was operating three more TENNESSEE FRIED CHICKEN shops at the following addresses:

330 Upper Richmond Road West, East Sheen, SW14;
21 Lavender Hill, Battersea, London, SW11; and
159 Earls Court Road London, W8.

5 In July 1988, Mr Matadeen says that he and Ms Ramdas became aware that a company called
Hycare Fast Foods Limited was about to start trading under the name TENNESSEE FRIED
CHICKEN at several fried chicken takeaway shops which had formerly been operated as
KENTUCKY FRIED CHICKEN shops. He says that he and Ms Ramdas believed that they
had been the first to adopt the name TENNESSEE FRIED CHICKEN and because they had
opened a shop first and had obtained a company name registration it entitled them to prevent
10 use of TENNESSEE FRIED CHICKEN by the company in Bristol. They therefore instructed
Read & Rogers, Solicitors, to write to Hycare Fast Foods Limited stating their company's
claim to the name. Apparently Hycare Fast Foods Limited refused to cease using the name,
and Mr Matadeen says he sought advice from Trade Mark Protection Society, who conducted
a search of the Register and disclosed the existence of the Proprietors' mark, then an
15 application. The Society advised at the time that it was not clear whether a mark consisting of
a significant geographical name would qualify for registration without evidence of use.

Mr Matadeen says that in October 1988, Trade Mark Protection Society filed an application to
register his company's TENNESSEE FRIED CHICKEN and ROOSTER logo in class 29 in
respect of chicken products; cooked or prepared vegetables ; vegetarian burgers; salads;
20 soups. This application (No. 1359584) was apparently initially refused because of the
geographical significance of the word TENNESSEE in relation to goods in class 29 and the
application eventually proceeded for the ROOSTER logo only, the words TENNESSEE
FRIED CHICKEN having been removed (the advertisement in the Trade Marks Journal is
provided in evidence).

25 A further application was submitted on 7th July 1993 to register TENNESSEE FRIED
CHICKEN & ROOSTER logo in class 29, and was accepted this time for advertisement on
the basis of evidence of use and honest concurrent use *vis a vis* the mark in suit (again, the
advertisement in the Trade Marks Journal is provided in evidence).

30 Mr Matadeen states that his company continued to trade under the name TENNESSEE
FRIED CHICKEN between 1988 to 1993 in the London area, opening 17 shops, as well as
two shops in Birmingham, one in Leonard-on-sea and one in Letchworth. A list of the shops
operating on 1 July 1996 is produced in evidence. Turnover under the trade mark
TENNESSEE FRIED CHICKEN in relation to the specified good for the years 1998-1993 is
given as follows:

YEARS	£'s STIRLING
1988/89	£2,850,000
1989/90	£460,000
1990/91	£750,000
1991/92	£2,028,000
1992/93	£3,000,000

And the approximate amounts spent on promoting the business under the TENNESSEE FRIED CHICKEN trade mark as:

YEARS	£'s STERLING
1988/89	£2,500
1989/90	£5,000
1990/91	£12,000
1991/92	£9,000
1992/93	£8,000

Methods of promotion are claimed as:

- 5 1. Advertisements were placed at regular intervals in local newspapers such as: Islington Gazette, the Hackney Gazette and the Richmond Herald.
2. Advertisements were broadcast on local radio eg: Radio Kiss FM in London (August 1991) and Buzz FM in Birmingham.
- 10 3. At least four times a year, specific promotions, when posters are put in the shop windows offering short term price reductions for certain food combinations.

Mr Matadeen says that the TENNESSEE FRIED CHICKEN trade mark appears on all shop fascias and prepared food products are sold in packaging featuring the TENNESSEE FRIED CHICKEN trade mark. Posters and other promotional materials also feature the TENNESSEE FRIED CHICKEN trade mark, as do the napkins, condiment packets, 15 towelettes and T-shirts worn by staff. Examples are provided in evidence.

Mr Matadeen states that to the best of his knowledge and belief Hycare Fast Foods Limited still only has 5 fried chicken takeaway units trading under the name TENNESSEE FRIED CHICKEN at this time, all in the South West of England or in South Wales. He adds that his company acknowledges the Proprietors' rights in the mark TENNESSEE FRIED CHICKEN in the areas in which it has traded but disputes its right to retain a registration which gives infringement rights in a territory where, because of actions on its part and because of rights acquired by his company, it would be disentitled to trade.

He adds that in the Greater London area his company is one of a handful of companies in the engaged in the same business, but with KENTUCKY FRIED CHICKEN as the clear market leader, he says that his company is probably the third in rank in terms of size of business in this area. In his view, his company has established a reputation in the name TENNESSEE FRIED CHICKEN in Greater London and has acquired valuable and protectable goodwill in the name, such that, if another trader were to use the name TENNESSEE FRIED CHICKEN in relation to restaurant services of a "fast food" type or in relation to a take away foods business in Greater London there would be confusion with his company's established business.

Mr Matadeen states that the existence of registration No. 1342494 TENNESSEE FRIED CHICKEN in class 42, without an appropriate geographical exclusion to exclude Greater London, will lead to deception because it gives Hycare Fast Foods Limited rights which, if exercised, would lead to confusion. Further, in his view, it seriously inhibits his company's day to day activities because of the very close borderline distinction between the definition of a takeaway operation and a fast food restaurant; its existence without a geographical limitation reflecting the common law position is prejudicial to TENNESSEE FRIED CHICKEN (Europe) LIMITED.

In reply to this evidence, the Registered Proprietor filed a statutory declaration from Mr Mustafa Ahmed Mahmoud, a Director of Hycare Fast Foods Limited. He states that Hycare Fast Foods Limited has been operating fast food shops since 1976 and for some years (1976 to 1988) held franchises from the well-known company Kentucky Fried Chicken and ran five outlets in South Wales, Gloucestershire and Wiltshire under the name Kentucky Fried Chicken. Apparently a decision was made at the end of 1987 to become independent of Kentucky Fried Chicken and to run their own outlets. Mr Mahmoud says that a designer in Switzerland was commissioned to design a logo incorporating the words 'Tennessee Fried Chicken' which was received in December 1987. At the beginning of 1988, they sought to terminate their franchise agreements and operate the shops independently under the new name of Tennessee Fried Chicken.

Mr Mahmoud says that, as a former employee with Kentucky Fried Chicken he handled the negotiations with Kentucky Fried Chicken (Great Britain) Limited, were completely open with them, advising them of their plans during the Spring of 1988 and, in particular, that they planned to open from mid-September of that year. He says that in order to obtain Kentucky Fried Chicken's agreement to terminate the franchise agreements, it was a condition that they would have to give their prior approval to the proposed trading name and style of operation. Full detail's of proposed trading name, logo, colours, packaging and uniforms were, apparently, submitted to Kentucky Fried Chicken for their approval prior to the termination of the franchise agreements. Evidence is provided consisting of a letter to a co-director of the

Registered Proprietor, Mr Hamdullah Khan, dated 14 April 1988 referring to this proposal. The letter also mentions the name proposed for the new business: 'Tennessee Fried Chicken'. Also included in evidence is a copy of a letter sent by Mr Mahmoud on 27th June 1988 to Mr Griffith of Automatic Catering Supplies Ltd. of Morden, Surrey, consisting of an order for packaging featuring the name 'Tennessee Fried Chicken'.

Mr Mahmoud says that an application for registration of his company's trade mark submitted on 23rd April 1988, and a copy of the application form, is included in evidence, together with a copy of the Registration Certificate. Apparently Tennessee Fried Chicken (European) Ltd. opposed this trade mark application but eventually did not file any evidence and their opposition was deemed abandoned. He also refers to the letter dated 21st July 1988 received from the solicitors Reed & Rogers, a copy of which is included in evidence. This letter states that the Applicants had been trading under their name since 20th July 1988.

Mr Mahmoud says that his company was very suspicious of the alleged use claimed by Tennessee Fried Chicken (European) Limited as the solicitors' letter was referenced "Mattadeen" 'and we knew a Mr Mattadeen to have been a business associate of a person in the office of Kentucky Fried Chicken to which we sent our advance details'.

In replying to the Reed & Rogers letter, Mr Mahmoud says, his company informed them of their trade mark application and said that when registration was confirmed their client would be infringing rights under that mark if they continued to trade under the same name. Following registration, the Proprietors' solicitors apparently wrote to Tennessee Fried Chicken (European) Ltd. and requested that they cease the infringement of their trade mark. Mr Mahmoud states that their response through their agents (Trade Mark Protection Society) was that they did not provide restaurant services under the name of Tennessee Fried Chicken and their business is concerned with take-away foods only. Following this letter, Mr Mahmoud says that his company subsequently checked out various of the units of Tennessee Fried Chicken European Ltd. and took photographs clearly showing seating and tables in some of the stores and the inclusion of the word restaurant on their fascia boards. Another letter from the Proprietors' solicitors was apparently written to the Applicants' agents informing them of these facts and pointing out that their client was clearly providing restaurant services under the protected trade mark. It seems that the response received confirmed that none of the establishments named and photographed were restaurants. Mr Mahmoud says that as far as he is aware the Applicants have continued to operate their restaurants under his company's trade mark but, through their agents, they have continued to deny that this is so and that the matter is still active and his company is currently taking advice as to what to do next.

Mr Mahmoud states that his company opened shops in Swindon in 1976, in Gloucester in 1976, in Swansea in 1977, in Newport in 1981 and in Neath in 1984 (previously Kentucky Fried Chicken franchises). It seems a further outlet was opened under the name Tennessee Fried Chicken in Merthyr Tydfil in 1996. Evidence is produced showing photographs of the interiors of the outlets at Swansea and Neath, and of various packaging items.

Mr Mahmoud give sales figures for the years trading under the Tennessee Fried Chicken name as:

	Six months to 31.3.1996	£510,401
	Year to 31.3.1990	£972,156
5	Year to 31.3.1991	£963,389
	Year to 31.3.1992	£872,445
	Year to 31.3.1993	£826,498
	Year to 31.3.1994	£795,416
	Year to 31.3.1995	£808,616
10	Year to 31.3.1996	£839,361

(I assume the first reference to 31.3.1996 is an error; though nothing turns on this).

Mr Mahmoud says that his company has advertised their products and services extensively including the local press and the main local papers in each of the areas where outlets are based. An example is provided in evidence for the Swindon area. Also included in evidence is a bus advert apparently use on one of Gloucester's city routes. He also states that a new outlet was opened in 1996 in Merthyr Tydfil and others are planned. He says; 'It has always been our intention to expand our business further by franchising and this would be a normal development for a business of our kind. We deferred this until our trademark was registered and that occurred in 1993, but we do not feel we can yet offer franchise arrangements until we have resolved the matter of Tennessee Fried Chicken (European) Ltd.'s use of our name. We applied for registration of our trademark in good faith expecting that it would prevent other companies from adopting or registering our mark.'

Finally he says that his company has encountered a number of instances of confusion between their outlets and those of Tennessee Fried Chicken (European) Ltd. Apparently some of the Proprietors' customers have remarked that they have seen their stores in London. Further, Mr Mahmoud says, they have received threatening letters from one of Tennessee Fried Chicken (European) Limited's suppliers over late payment of a bill. Exhibit MM10 shows a copy of a letter received from a Mr Gareth Jones, a regular customer who was confused about a shop in South Harrow belonging to the Applicant. He states: 'We are concerned that this confusion could damage our business, for example there was a report in The Sun Newspaper alleging a health or cleanliness problem in a Tennessee Fried Chicken (European) Ltd. shop in London.' No evidence on the latter point is supplied.

A second Statutory Declaration from Mr Matadeen is submitted in reply. He says that his company chose the name Tennessee Fried Chicken because it wanted to have the name of a US southern state as they are famous for deep fried Chicken and that they had no prior

knowledge that the trade mark TENNESSEE FRIED CHICKEN had been adopted by anyone else, arriving independently at the name. He adds that Hycare Fast Foods Limited have traded under the name TENNESSEE FRIED CHICKEN for some 10 years now but their business is still limited to South Wales and South West England, with nothing to prevent Hycare Fast
5 Foods Limited expanding their restaurant services into, for example, North Wales. He says that their registration currently prevents his company from expanding its fast food outlets into restaurant services in the Greater London area, if it wished to do so and, given his company's common law rights in the trade mark TENNESSEE FRIED CHICKEN in the Greater London area, it would be equitable to strike out the registered rights as far as they relate to Greater
10 London. He adds that Hycare Fast Foods Limited have forfeited their right to have statutory protection of the trade mark TENNESSEE FRIED CHICKEN in the Greater London area by virtue of the fact that they have not traded in the Greater London area at all, and clearly never had any intention of doing so.

Mr Matadeen believes that there are many registrations on the Trade Marks Register which
15 are subject to geographical limitation, and in the circumstances it seems appropriate that this restriction should apply to the Register Proprietors' mark. Mr Matadeen refers to Exhibit TTF1 apparently showing extracts from the Trade Marks Journal giving details of registered marks which have a geographical limitation. Unfortunately, this exhibit was not included with his statutory declaration. Mrs Maddox apologised for this at the Hearing.

20 Finally Mr Matadeen says:

'Since Hycare Fast Foods Limited and my company have both traded in their respective geographical areas under the trade mark TENNESSEE FRIED CHICKEN for the last 10 years apparently without significant confusion, then it would seem that the marks can
25 co-exist in this manner and that the Register should reflect each parties respective common law rights. If Hycare Fast Foods Limited were to use their trade mark in the Greater London area, confusion would occur. If their registration no. 1342494 remains on the Register unaltered, then that would effectively give them statutory rights as a registered proprietor in a mark that they are not entitled to use.'

Another Declaration is included from Mr Mahmoud for the Registered Proprietor. In this he
30 reminds me that his company began to make preparations to use TENNESSEE FRIED CHICKEN in late 1987 and began actively trading under this mark on 18th September 1988. He says that his company was completely unaware of any use or plans to use TENNESSEE FRIED CHICKEN by Tennessee Fried Chicken (Europe) Limited until the letter from their solicitors of 21st July 1988 was received, three after months his company had filed to register
35 the mark in suit. Finally, he states:

'...my company objects to and has continued to object to the use of TENNESSEE FRIED
CHICKEN by the Applicants. We are currently taking advice on the matter of what further
40 action we should take against the Applicants. We have in no way acquiesced to the use and registration of TENNESSEE FRIED CHICKEN by the Applicants and the fact that we are defending this action and have formally opposed the Applicants' application to register the mark testifies to this.'

That completes my summary of the evidence. I now turn to the grounds on which this Application is based.

The Decision

5 At the Hearing Mrs Maddox for the Applicants withdrew the ground under bad faith. The first of the remaining grounds is revocation under s 46(1), which states:

‘46.-(1) The registration of a trade mark may be revoked on any of the following grounds-

10 (a) that within the period of five years following the date of completion of the registration procedure it has not 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, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use;

(c) that, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service for which it is registered;

15 (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.’

Mrs Maddox reiterated, by way of background, part of the evidence given above and said, in particular: ‘..I submit that the applicants could very well have succeeded in opposition to registration of the trade mark in suit under section 11 of the Trade Marks Act 1938..’
20 explaining in her view why this might have been the case. Mrs Maddox also referred me to the old Act, and authority under that Act, arguing that ‘..there is a requirement that a trade mark be used. If it is not, then there is a risk that any right in it will fall away if it is an unregistered mark, or be prejudiced if it is a registered mark. The registered proprietors filed their application in April 1988 but had still not used that mark beyond South West England and South Wales by 1993, which was the time it was published in the register.’ I have not recorded the detail of this argument here because I do not regard it as relevant to the new law. However, Mrs Maddox did reiterate her view that only localised use of the Proprietors’ mark was grounds for revocation under s 46(1)(d). This appeared also to result because the
25 Proprietors had limited their use of the TENNESSEE FRIED CHICKEN to South West England and South Wales and, as the Applicants had established ‘..goodwill in the trade mark....in Greater London, the trade mark...is liable to mislead the public as to the origin of the services in the registration..’ It therefore follows that the Proprietors have contributed to the mark becoming deceptive, and this forms the grounds for revocation under this subsection.
30 Mrs Maddox stated:

‘..although the section suggests that the deceptiveness may relate to the nature, quality or geographical origin of the goods or services, the word “particularly” in the section is important because it makes it clear that other types of deception were also contemplated, such as what we have here, deception as to the trade origin of the services. If the registered

proprietors were to offer restaurant services in Greater London, the public would be misled as to the origin of the services, simply because takeaway services and fast food restaurants are similar, and there is no doubt that confusion with our clients' existing business in Greater London would occur.'

5 For the Proprietors Mr Bernard stated:

10 '...if they [the Applicants] are to plead this ground successfully, they would have to show that, because of the use made by the registered proprietors, perfectly legitimately, perfectly normally, it has become misleading, ...there is a variety of ways in which they might have done that. There are some marks which, if used on the wrong goods which are implied by the nature of the mark, it becomes deceptive. One might even say, if they had licensed it willy-nilly, without quality controls, and therefore it has become used all over the place and that sort of use by them was the cause of deception, then that would be the sort of thing being thought of here..'

I am inclined to agree with Mr Bernard. I would also make the following comments.

15 S 46(1)(d) allows for revocation 'in consequence of the use' made of a mark by a proprietor. In my view this must refer to the actual use by the proprietor (or with his consent) and not merely inactivity. If the latter was intended, the wording of s 3(1)(c) would have been used - which, of course, refers the circumstance where a mark becomes a generic name for a good or service, and is not applicable here. Lack of use in a particular geographical area cannot, in my view, be 'a use' by the Proprietor.

25 There was some discussion at the Hearing concerning invalidity action - or the lack of it - by the Registered Proprietors against the Applicants, who had obviously been using the mark in suit for some years. I do not regard this as relevant to this ground, again, because this clause is concerned with actual use of the mark by the Proprietor, not with action he may or may not have taken following others use of the same mark.

In view of the above, I have come to the conclusion that this ground of opposition fails.

Moving onto the next ground, the Applicants also argued for invalidation under s 47(2)(b) because of the use of the Proprietor's mark for restaurant services in Greater London or the Midlands is liable to be prevented by virtue of the law of passing off. S 47(2) states:

30 'The registration of a trade mark may be declared invalid on the ground ---

(a) ...,

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied..'

35 At the Hearing Mrs Maddox argued that 'Use of the trade mark in suit by the registered proprietors in respect of restaurant services in the Greater London area at the time the application was filed would have been liable to be prevented by the law of passing off because

of the applicants, reputation and goodwill in TENNESSEE FRIED CHICKEN in the Greater London area in respect of takeaway foods’.

5 To succeed in a passing off action, it is necessary for the Applicants to establish that at the relevant date (28 April 1988): (i) they had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill.¹ In my view none of this can apply in this case as the Applicants have not proved they had the necessary goodwill in the UK under the TENNESSEE FRIED CHICKEN mark as required. On the evidence of Mr Matadeen the Applicants opened their first shop in July 1988, which
10 was two months *after* the mark in suite was filed for registration. The letter in Exhibit MM5 clearly states that the Applicants started trading under their name on 20th July 1988.

Mrs Maddox also appeared to suggest that because s 47(2)(b) is in the present tense, it must be regarded as an ‘on-going’ in effect, that is a mark may be vulnerable to invalidation under this section and s 5(4)(a) for ‘passing off’ after it has been registered. In response Mr Bernard
15 said that s 47 was concerned with registrations that were wrongly granted, applied where the grounds for invalidity under ss 3 and 5 cited in s 47 must have existed at registration and, consequently, the Registrar should have refused the application at that time.

This does seem to be the intention of this section. In the Directive, which the Act implements, matters concerning registration and invalidity are dealt with together, with Article 3 setting out
20 the absolute grounds for refusing registration of a mark (s 3) and Article 4 setting out the relative grounds for refusal (s 5). Further, the effect of invalidation is to declare that the mark is ‘deemed never to have been made’ (s 47(6)); if s 47 was intended to apply to circumstances that occur arise after registration has taken place it is difficult to see why subsection 6 should be necessary. This ground of opposition also fails and thus the Application therefore fails.

25 The Proprietors are successful in these proceedings and are entitled to a contribution towards their costs. I therefore order the Applicant to pay them the sum of £650.00

Dated this 29th day of March 1999

Dr W J Trott
Principal Hearing Officer
30 **For the Registrar, the Comptroller-General**

¹A fuller summary of the position can be found in WILD CHILD [1998] RPC 455, page 460ff.