

TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION No 1551297
BY JOHN ARTHUR SLATER
TO REGISTER A TRADE MARK
EAST SIDE MARIO'S
IN CLASS 42

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NUMBER 43108
BY EAST SIDE MARIO'S RESTAURANTS INC.

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15 BACKGROUND

On 21 October 1993, John Arthur Slater of 57 - 60 Lincoln's Inn Fields, London, WC2 3LS applied under Section 29(1)(a) of the Trade Marks Act 1938 for registration of the trade mark EAST SIDE MARIO'S in respect of "Restaurant, café, cafeteria, catering and bar services: all included in Class 42." The application contains a disclaimer of any exclusive right to the use, separately, of the words "Mario's", "East" and "Side".

On 14 September 1995, East Side Mario's Restaurants, Inc., filed notice of opposition to the application. The grounds of opposition are in summary:

- 25 1) The opponents are the proprietors and users of the trade mark EAST SIDE MARIO'S, which has been extensively used and is registered by the opponents in respect of restaurant services and other services in [inter alia] the USA and Canada. The registrations date from, e.g. 11th April 1989 in the USA and 18th August 1987 in Canada.
- 30 2) The opponents have goodwill and a reputation in the mark in the United Kingdom.
- 3) As the trade mark in suit is identical it is liable to deceive or cause confusion and so offends against Section 11 of the Trade Marks Act 1938.
- 35 4) The mark applied for is not distinctive and so is contrary to the provisions of Sections 9 & 10 of the Trade Marks Act 1938.
- 40 5) Neither the applicant nor the body corporate about to be constituted (or already constituted) in accordance with Section 29(1)(a) of the Trade Marks Act 1938 (as amended) is or was entitled to claim to be the proprietor or originator of the mark applied for, and registration of the mark applied for would offend against the provisions of Section 17(1) of the Trade Marks Act 1938 (as amended).
- 45 6) The application should be refused in accordance with the Registrar's discretion under Section 17(2) of the Trade Marks Act 1938.

The applicant filed a counterstatement denying all the grounds of opposition. The applicant also ask the Registrar to exercise his discretion in their favour and both sides seek an award of costs in their favour. Both sides filed evidence in these proceedings and the matter came to be heard on 12

October 1999, when the applicant was represented by Ms Clark of Counsel instructed by Marks & Clerk. The opponents were represented by Mr Birss of Counsel instructed by D Young & Co.

5 By the time this matter came to be decided the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. In accordance with the transitional provisions set out in Schedule 3 to that Act, however, I must continue to apply the relevant provisions of the old law to these proceedings. Accordingly, all references in this decision are references to the provisions of the Trade Marks Act 1938 (as amended) unless otherwise indicated.

10 OPPONENTS' EVIDENCE

This consists of a statutory declaration, dated 6 November 1996, by Mr Scott Bergren the President of East Side Mario's Restaurants, Inc.

15 Mr Bergren states that the opponents are the proprietors of trade mark registrations:

20 "...consisting of or containing the words EAST SIDE MARIO'S in the United States of America and Canada and the trade mark EAST SIDE MARIO'S has been extensively used in relation to restaurant services and the like by my company in those countries for a long period, use of the mark having commenced at least as early as August 1987. My company is the originator and owner of the trade mark EAST SIDE MARIO'S."

25 Copies of the trade mark registration for the USA and Canada are at exhibit MB1. They show the mark EAST SIDE MARIO'S registered in block letters and also with two different devices shown below:



35 At exhibit MB2 are examples of how the mark has been used in what appears to be a US tourist guide book (not dated), and also copies of North American newspaper and magazine articles which refer to the opponents' restaurant chain. Only three of the articles are prior to the relevant date. Mr Bergren claims that members of the restaurant business in Europe read such trade papers and that popular American food chains such as KFC, McDonalds and Pizza Hut have developed in Europe.

40 Mr Bergren claims that negotiations to establish a chain of EAST SIDE MARIO's restaurants in the UK and Europe began in 1991. Contacts were made through a Canadian-based company, Labatt's Brewing. He claims that during the "early 1990's Labatt's made a substantial investment in the UK and was involved in negotiations with other companies such as Pubmaster Plc and Watney Ltd, both of whom had registered significant interest in working with my company to establish a restaurant presence throughout the UK."

Copies of correspondence relating to these negotiations are filed at exhibit MB3. This consists of

four letters to or from the UK organisation of Labatt Brewing , Molsons Breweries, My Kinda Town Plc & Pubmaster Ltd, all dated prior to the relevant date. There are two letters from the opponents to Molsons Breweries (dated November and December 1992) regarding franchising the mark for use in the UK. A letter from Labatt's to the opponents, dated March 1992, confirms that there were negotiations for a joint venture in the UK. The most recent correspondence is dated May 1993 and is from Labatt's confirming that whilst the project had been put on a "go slow" mode due to Labatt's problems in establishing a pub base in the UK, the partnership and project was still one that Labatt's wished to enter into. There are also letters from Pubmaster Ltd dated September 1992, and from My Kinda Town Plc dated April 1992, which also relate to a potential UK license for the opponents' mark..

Mr Bergren claims that because of the above negotiations the opponents had a reputation in the mark in suit in the UK. He also claims that the opponents are currently in discussion with a number of UK licensee candidates and/ or joint venture candidates regarding use of the mark in suit in the UK. He states that the use of a nominee applicant is significant, as is the refusal by the applicant's agents to identify the person who instructed them to file the application. This shows, he claims, that the application was made in bad faith.

Finally Mr Bergren states that in the light of the information provided by him above the applicant cannot claim to be the proprietor of the mark, nor can they claim that the mark in suit is distinctive of the applicant.

APPLICANTS' EVIDENCE

This consists of a statutory declaration, dated 30 September 1997, by Mr Eric Lawrence Rill. Mr Rill provides details of his career in the hotel and restaurant business in which he has twenty five years experience. He claims that his record of achievement proves that he has the relevant experience to make a new chain of restaurants in the UK a success.

Mr Rill states that:

"In about 1993, I decided what I would really like to do was to launch my own chain of restaurants. I was particularly interested in restaurants because this is the area where I had managed to make most difference and in which I had most interest. When considering a name for such a chain I liked the sound of EAST SIDE MARIO'S. I was fully aware of the existence of such a chain of restaurants called EAST SIDE MARIO'S in Canada and the United States through a business association with Claridge Inc., the owners of East Side Mario's. However this did not seem to me to affect my choice of name, not least because it was my understanding that Claridge Inc., the owners of those Canadian and United States restaurants, had no such restaurants outside those territories. Notwithstanding this, I spoke to Mr Bromberg, President of East Side Mario's which was owned at the time by Claridge Inc. to see if this company would be willing to work with me in the United States and abroad. However, I was disappointed when Mr Bromberg told me that as the company was going to be sold the new owners would have to reassess their business plan. However, he believed the United States would be their primary focus. Having received this indication from Mr Bromberg it was clear to me that I would have to go ahead alone. I saw no reason why I should not and certainly Mr Bromberg gave me no reason to believe that his company would have any objection to this".

5 “Some time later I contacted Mr Bromberg again after PepsiCo was announced to be the
new owner but before the deal was consummated. In particular I was interested in the
possibility of some kind of franchise arrangement with them because this would enable me
to adopt for the UK restaurants the same concept as the one they used in the restaurants in
the United States and Canada. However Mr Bromberg said that the East Side Mario’s
business was being transferred to a new owner who would be re-assessing the business and
would probably be franchising in the United States. International franchising opportunities
were not in prospect, not least because they would have to get the United States operation
up and running. He led me to believe that a new owner would only be concerned about
10 establishing a base and growth pattern in the United States. From this discussion I decided
that any prospects of a franchise arrangement in the UK with the owners of The East Side
Mario’s restaurants were negligible.”

15 “Therefore in October 1993, I instructed trade mark agents to apply for registration of the
name EAST SIDE MARIO’S in the UK for restaurant services. The filing of the
application in the name of Mr Slater came about in the following way. At the time it was
my intention to form a UK company which would establish and own a chain of restaurants
under the name, but I had not yet done so at that time. However, I was given to understand
20 that an application to register the mark EAST SIDE MARIO’S for restaurant services could
be filed in the name of my trade mark agent and that on registration the rights in the mark
could be assigned to the new UK company which I intended to set up. This being so I
instructed my trade mark agent to file the application in his name as nominee. My
understanding at the time was that this was normal business practice. As far as not
disclosing to the opponent who was behind the nominee I did not feel that I was under any
25 obligation to do so at this time. However in view of my previous contacts with Mr
Bromberg I find it difficult to believe that Claridge Inc. would not have known.
Accordingly UK trade mark application number 1551297 EAST SIDE MARIO’S in the
name of John Arthur Slater was filed on 21st October 1993. I was enthusiastic about
opening restaurants under the name EAST SIDE MARIO’S in the UK but at that stage
30 there were a number of other calls on my time and I decided that I would wait for the
EAST SIDE MARIO’S trade mark application to proceed to registration before taking my
plans further.”

35 “In 1996 I decided to approach the new management to explore once again the possibility
of some form of working relationship in the UK with them. Accordingly in September
1996 I telephoned one Eric Christianson of Marie Callenders whom I understood to be
running the United States East Side Mario’s restaurants at that time. There is now
produced and shown to me marked exhibit ELR1 a copy of a facsimile dated 17th
40 September 1996 sent by me to Eric Christianson confirming my telephone conversation
with him setting out my plans for establishing a chain of restaurants in the UK and Europe
under the name EAST SIDE MARIO’S. Eric Christianson appeared receptive to my idea
of co-operating with them in the UK but said it would be difficult to persuade his
president. I suggested that I fly to Dallas to meet with the president but was told by Eric
Christianson that the president had other pressing matters to attend to.”

45 In the fax referred to Mr Rill he writes that:

“I became interested in the purchase of ESM and had preliminary interest from two
investment houses. As discussed, Mark Bromberg said he would send us the numbers and

never did, so that deal never even got off the ground. Now, my interests are strictly in the International arena and I would like to discuss the possibilities of working together in some way.”

5 Mr Rill denies that the application was made in bad faith as he claims that neither the opponents
nor their predecessors have had any business in the UK or Europe. He also claims that in their
communications with him the opponents have never stated any interest in such a venture, nor has
any indication been given that they would object to him using the name on his own. He further
claims that he was not aware of the negotiations outlined by the opponents regarding business
10 opportunities in the UK in the early 1990's.

Mr Rill disputes that the newspaper and magazine articles shown in the opponents evidence were
ever distributed in the UK. He claims that he has been unable to obtain circulation figures for these
papers in the UK. He also points out that many are dated after the relevant date. For these reasons
15 he does not accept the opponents claim to have a reputation in the UK.

OPPONENTS' EVIDENCE IN REPLY

This consists of two statutory declarations. The first, dated 13 May 1998, is by Stephen D Jennings
20 the Chief Financial Officer and Vice President of East Side Mario's Restaurants, Inc.(ESM). Mr
Jennings claims that as Mr Rill has admitted that he wished to purchase ESM he could not at the
same time assert that he was entitled to ownership of the name and therefore the application was
filed in bad faith.

25 The second statutory declaration, dated 27 April 1998, is by Mark Bromberg. Mr Bromberg states
that from December 1993 to July 1996 he was the President and Chief Executive of East Side
Mario's Restaurants, Inc. then a subsidiary of Pizza Hut Inc. of Dallas Texas which in turn was a
subsidiary of PepsiCo, Inc.

30 Mr Bromberg confirms that he had several discussions with Mr Eric Rill but claims that:

“Most of these were approaches by Mr Rill to acquire ESM from PepsiCo. While I may
have told Mr Rill that ESM did not develop its brands outside of North America, I did
inform him that the rights to develop and franchise the various PepsiCo owned restaurants
35 internationally rested with PepsiCo Restaurants, Inc.(PRI). It was PepsiCo's policy to split
its brand management in two ways: (a) domestically (North America) and (b)
internationally (the rest of the world to be handled by PepsiCo's subsidiary, PRI which was
headquartered in Dallas and was responsible for all development and franchising outside
of North America). When Eric Rill called and said he would like to do a transaction
40 anywhere in the world, and specifically asked about Europe, I said that while ESM was not
going to develop the brand in Europe, PRI would undoubtedly be developing the brand in
Europe.”

45 That completes my review of the evidence.

DECISION

At the hearing Mr Birss withdrew the grounds of opposition under Sections 9 & 10.

The opponents have claimed that the registration should be refused under Section 17(1) which reads as follows:

5 17. - (1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Registrar in the prescribed manner for registration either in Part A or in part B of the register.

10 The opponents claim to be the proprietors of the mark in suit. They claim that this view is confirmed in the evidence provided by the applicants. In his evidence Mr Rill states that he was aware of the restaurant chain in North America and entered into negotiations with Mr Bromberg (President of East Side Mario's) to "see if this company would be willing to work with me in the United States and abroad". When informed that the company was being sold Mr Rill states that he believed that the new owners would concentrate on the US market and would have no objection to him going "ahead alone". After it was announced that the new owner was to be PepsiCo (but before the sale was concluded) Mr Rill again contacted Mr Bromberg to discuss a franchise arrangement of the concept for the UK. Again, he claims that he was told that the new owners would be concentrating on the US market. From this he says that he took the view that the prospects of a franchise arrangement for the UK were negligible.

20 In October 1993, Mr Rill then arranged for application number 1551297 to be filed at the UK Trade Marks Registry for the mark in suit. Despite this, in 1996 Mr Rill states that he attempted to discuss with the new owners, PepsiCo, "the possibilities of working together in some way" in what he termed "the International arena".

25 At the hearing Ms Clark asserted that these negotiations related to the concept used in the opponents' restaurant chain, not the name, and that Mr Rill had acted properly in registering the mark in suit. Referring to Al Bassam [1995] RPC 511 Ms Clark noted that head note five states:

30 "The fact that A might have devised the mark was the registered proprietor of it in Saudi Arabia and elsewhere, and regarded itself as having rights in the mark in the UK, was irrelevant. The fact that A supported the applications was immaterial."

35 However, Ms Clark did agree that Al Bassam was not on all fours with the instant case as in the earlier case there had been use in the UK whereas in the instant case, she stated that neither side had used the mark in the UK. Ms Clark also submitted that the comments in Al Bassam and in Hudson's Trade Mark [1886] RPC 155 regarding common law principles of ownership related to marks which had a device element and so were covered by copyright. The mark in suit is not a device mark and therefore, Ms Clark asserted, is not protected by such rights.

40 In a recent decision in the case of Club Europe Holidays Ltd v British Airways Plc, (as yet unreported) Sir Richard Scott (VC) stated:

45 "Moreover, s.17(1) permits an application to be made for registration of a mark "proposed to be used". So absence of any previous use of the mark cannot, in my judgement, be a conclusive objection to the application. This was not the point at issue in the Al Bassam case and the remarks made by Morritt LJ cannot have been intended to rule out an application for registration of a mark not yet used but proposed to be used or for registration of a mark in relation to particular services but proposed to be used in relation to additional services. In relation to services for which a mark has not yet been used but is proposed to be used, the designer or originator of the mark will, in my opinion, be the

proprietor of the mark for s.17(1) purposes provided that no-one else has become the first user of the mark in relation to those services.”

5 Although the applicant’s mark in this case had a device element, the words were the dominant feature and the basis of the conflict with British Airways’ mark. In the instant case the mark in suit consists of three words which individually are unremarkable. However when used in the combination which is sought to be registered are, in my opinion, unusual and distinctive.

10 I do not accept Ms Clark’s submission that only the holder of a copyright can claim to be the proprietor of a mark which has not been used in the UK. I do not consider that the opponents’ use of its mark in letters to potential UK partners in 1992/93 amounts to use of its mark in the UK. Rather these were proposals to use the mark here. The opponent is clearly the successor in business to the originator of the mark in North America. It seems to me that the Vice Chancellor’s use of the term “designer or originator” was intended to cover distinctive words and devices.

15 The applicant admits in his evidence that the opponents predecessors in business were the originators of the phrase EAST SIDE MARIO’S and that he was aware of the mark as used on restaurants prior to submitting his application. In his continuing efforts to negotiate a franchise with the various owners of the mark Mr Rill, in my opinion, showed that he was, at least, uncertain as to his own claim to proprietorship of the mark. The fact that the application was made in the name of Mr Rill’s trade mark agent, rather than his own name, points to the same conclusion. In view of the fact that no use has been made of the mark in the UK and that neither Mr Rill nor Mr Slater can claim to have originated the mark themselves, means that the applicant cannot claim to be the proprietor of the mark. The opposition under Section 17(1) therefore succeeds.

25 The next ground of opposition is under Sections 11 of the 1938 Act. This reads as follows:

30 *“11. - It shall not be lawful to register as a service mark or part of a service mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.”*

35 The established test for this section is set down in Smith Hayden and Company Ltd’s application (Volume 63 1946 RPC 101) later adapted by Lord Upjohn in the BALI trade mark case (1969 RPC 496). Adapted to the matter in hand the test may be expressed as follows:

40 Having regard to the user of the opponents’ marks EAST SIDE MARIO’S, is the tribunal satisfied that the mark applied for, EAST SIDE MARIO’S, if used in a normal and fair manner in connection with any goods covered by the registration proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?

45 Under this heading I must consider the actual user of the opponents’ mark. The opponents accept that as no restaurant has yet been opened in the UK their claim to reputation in the UK rests on two strands. Firstly that the articles in magazines and newspapers would have been seen by members of the catering industry. Secondly, that negotiations that had taken place with various parties regarding franchising in the UK. It was claimed that as a result of these two actions the opponents had acquired reputation in the UK and that there would be confusion amongst others in the catering industry if the application were successful.

5 For the applicant Ms Clark conducted a very lengthy forensic dissection of the opponents' evidence and asserted that very little related to the opponents, but referred instead to a Canadian company. I reject this view and accept that the evidence does indeed reflect the efforts made by the opponents (or their predecessors) to set up a franchising operation in the UK. I also accept that they own the trade marks in the USA and Canada, and that the magazine and newspaper articles all refer to the opponents.

10 However, whilst the evidence filed shows that the opponents had considerable reputation in North America, it does not show that the publications referred to were circulated in the UK. No sales figures for the magazines were provided and no testimony was received from individuals in the catering industry to state that they had seen the articles and would therefore be confused.

15 Similarly the evidence regarding the attempts to franchise the concept in the UK is not conclusive. It is clear that the opponents were experiencing difficulty and had by their own admission put the project on "go slow" mode. The letters filed show that discussions took place with four companies. It is reasonable to expect such negotiations to take place in some secrecy and so, other than a few individuals in these companies, no-one in the UK would have been aware of the opponents' plans. The opponents (or their predecessors in business) may have had a small reputation in knowledgeable circles, but they had no use in the UK.

20 The opposition under Section 11 of the Act therefore fails.

25 The issue having been decided I do not have to consider whether to invoke the Registrar's discretion under Section 17(2).

As the opposition has succeeded, the opponents are entitled to a contribution towards their costs. I order the applicants to pay the opponents the sum of £835.

30 Dated this 19 Day of November 1999

35 George W Salthouse
For the Registrar
The Comptroller General