

O-443-14

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS INVOLVING OPPOSITION (99239) TO TRADE MARK APPLICATION 2509926 AND

APPLICATIONS FOR INVALIDITY (84297/8) IN RESPECT OF TRADE MARK REGISTRATIONS 2440230 AND 2440232

DECISION

INTRODUCTION AND BACKGROUND

1. This is an appeal from the decision of the Hearing Officer dated 9 August 2013 whereby he held that the respective objections to registration of the marks in issue failed. Because of the narrowness of the issues on appeal, the detail of the proceedings, which involved cross-claims to remove or disallow the respective marks, need not be set out in detail and reference may be made to the decision (O-317-13) for the background.
2. In a nutshell, the parties, Foodland UK Limited (“Foodland”) and TFC Croydon Limited (“Croydon”), are companies run by different members of the Ucur family, which is of Turkish origin. The companies are engaged in the provision of supermarkets operating in London and Surrey.
3. The originator of these activities was Mr Huseyin Ucur who regards himself as the founder of the family business and was the first person to have run such supermarkets. He is a Company director of Croydon. On the other side of the family is Mr Kemal Ucur, Mr Huseyin Ucur’s nephew who are involved in the Foodland business. In broad terms, each seeks to say that the other is not entitled to registration of the respective marks of which they have either obtained registration or for which they seek registration on a number of grounds. The marks in question both have as their main element the acronym

“TFC” and an inverted triangle logo and the dispute appears to be part of a battle whereby one part of the family is seeking to obtain a form of trade mark control over the other part.

4. The Hearing Officer’s decision was based on a detailed consideration of the evidence. It followed an oral hearing at which the principal witnesses were cross-examined. Because there were difficulties with the evidence of each of the witnesses, the Hearing Officer had to do his best to identify the facts and did so in a reserved decision which was clearly the product of considerable care and attention to detail.
5. By the time of the hearing of the appeal, the central issue had come down to a short point. Croydon, the appellant, contended that the Hearing Officer was wrong to hold that there had been such long concurrent use of the respective marks by the parties as to preclude Croydon from objecting to the use on the basis of passing off and, as a subsidiary point, that this also affected his approach to honest concurrent user under s.5(2)(b) of the Trade Marks Act 1994.

THE DECISION

6. It is unnecessary to discuss the Hearing Officer’s decision in detail since only parts of it are challenged on this appeal. In summary, the Hearing Officer set out the history of the various family trading entities and the relationships between at considerable length at paragraphs [18]-[43] of the decision, taking into account the impact of cross-examination and his perception of the reliability of the written and oral evidence, which was mixed. Having done so, he summarised his findings in relation to passing off at paragraphs [44]-[49] as follows:

Findings in relation to passing-off

44) There is always an inherent difficulty in establishing facts which took place some time ago. In this case, some of the relevant matters took place more than 18 years ago. It is therefore appreciated that recollections and memories will have dimmed over time. This problem is exacerbated in these proceedings by the relatively casual approach that the various protagonists have approached their businesses in relation to record keeping. Nevertheless, the tribunal has to make the best of what has been presented to it. Although there are other issues, the central issue appears to be who first used the letters TFC in trade. I have no doubt that Kemal Ucur (the controlling mind of Foodland) began using TFC in around August 1995 when the store in Edmonton was opened in partnership with Huseyin

Ucur. However, the very fact that the Edmonton store was operated in partnership (and remained so until 2000) means that Huseyin Ucur will, unless there was an agreement to the contrary, also have benefited from any goodwill created by that business. Thus, Huseyin Ucur was, at the very least, a simultaneous user; use which continued through to the relevant dates through his other stores.

45) I say “at the very least” because Croydon’s claim is that the other stores controlled by Huseyin Ucur (in August 1995 this would have been Dalston, Lewisham and Harringay) had already begun using TFC in trade. Huseyin and Ercan Ucur refer to the creation of a logo in 1991/1992 which, they state, included the letters TFC; this was corroborated by Mr Ozen and Mr Kubasik, although, the failure of these witnesses to attend for cross-examinations lessens the weight of their corroboration. Mr Acaturk, whom both parties agree was involved in the logo project, has given evidence that the logo did not contain the letters TFC. Given my earlier observations as to the reliability of Huseyin and Ercan Ucur’s evidence in terms of what events took place when, and given the lack of documentary evidence showing a TFC logo prior to August 1995, and given Mr Acaturk’s evidence, I am not prepared to accept that the logo designed in 1991/1992 contained the letters TFC.

46) Foodland claims that prior to August 1995, Huseyin Ucur’s shops were called TURK GIDA MARKET and that it was not even clear if they had been trading under the TURKISH FOOD CENTRE name, let alone TFC. However, Mr Acaturk (Foodland’s witness) stated under cross-examination that Dalston was trading as TURKISH FOOD CENTRE, even though he was unsure if the shop front name had been changed. Therefore, despite my comments regarding Huseyin and Ercan Ucur’s evidence, there is some corroboration that TURKISH FOOD CENTRE was in use. There is also evidence in exhibit HU/11 of Huseyin Ucur’s second witness statement of an advertisement for the Lewisham store showing use of these words both alone and incorporated into a triangular logo. I accept that the stores in Dalston, Lewisham and Harringay were using the designation TURKISH FOOD CENTRE in some way from around 1992.

47) The question that remains is whether the stores in Dalston, Lewisham and Harringay started to use the abbreviation TFC prior to the opening of TFC Edmonton. The advertisements for TFC Edmonton refer to it as “T.F.C 4”. I can see no other plausible explanation for this other than that Edmonton was the fourth TFC after Dalston, Lewisham and Harringay. The suggestion that the manner of advertising was merely a promotional ploy is not convincing. I think it is reasonably clear that the store in Edmonton was to be linked, albeit in the casual/informal way inherent in the type of business relationship the parties operated, to the other stores. Both Kemal and Huseyin claim it was they who came up with the idea to abbreviate the name to TFC so as to not alienate the non-Turkish members of the community. However, I do not consider that this really matters as the law of passing-off is not concerned with ideas, it is the actual trading of the parties that matters and my findings are based upon this.

48) Another aspect to bear in mind is that Kemal Ucur has been operating TFC supermarkets since August 1995, not just in Edmonton, but in other stores, often without involvement with Huseyin or Ercan Ucur. Similarly, Huseyin Ucur has been operating TFC supermarkets since at least August 1995 (but possibly earlier) without the involvement of Kemal Ucur. Furthermore, both Kemal Ucur and Huseyin Ucur have stated, effectively, that anyone in the family can use the names in question – it seems only recently that this position has changed with the protagonists attempting to claw back control, control that was never really exercised to begin with. Bearing all this in mind, I come to the following findings.

- Foodland’s claim at the relevant date of 30 November 2006 must fail because:
 - i) Huseyin Ucur (the controlling mind of Croydon) was either a simultaneous user, on account of being a partner in the Edmonton store; or
 - ii) That Huseyin Ucur was in fact the senior user due to the earlier use of TFC in connection with his businesses in Dalston, Lewisham and Harringay; and, in any event,
 - iii) That a period of 11 years have elapsed since the Edmonton store was opened, a period in which Huseyin Ucur has made use of TFC in other stores and, as per the *Merck* case, it would have been too late in November 2006 to seek to restrain such use.
- Croydon’s claim at the relevant date of 28 February 2009 must fail because:
 - i) Kemal Ucur (the controlling mind of Foodland) may have been a simultaneous user on account of being a partner in the Edmonton store; or
 - ii) Even if the above is not correct and that Huseyin Ucur was the senior user on account of the use of TFC in his stores in Dalston, Lewisham and Harringay, that a period of nearly 14 years has elapsed since the Edmonton store was opened, a period in which Kemal Ucur has made use of TFC in other stores and, as per the *Merck* case, it would have been too late in February 2009 to seek to restrain such use.

49) The effective outcome of the above, in so far as passing-off is concerned, is that both sides have a relevant goodwill which whilst they may be able to prevent, under the law of passing-off, other unconnected parties from using the TFC designation, they cannot prevent each others’ use. The passing-off claims in both the invalidation and opposition proceedings fails. I add that these findings are not affected by the evidence (as referred to in paragraph 34 above) of the agreement in relation to the Palmers Green store. Any goodwill being referred to in that agreement would only have been relevant to goodwill built up by that store (which was in fact nothing because it had yet to trade).

7. These findings were preceded by a meticulous recording of the facts relating to the history of the businesses, including who had set up what and when and in what circumstances, what use there had been of the marks in issue and so forth. No serious criticism is made of the Hearing Officer's account in that respect.

THE ARGUMENTS ON APPEAL

8. In succinct and effective written and oral submissions, it was submitted on behalf of Croydon on this appeal that the Hearing Officer had made an error of approach in the conclusions he had reached, particularly in the paragraphs set out above.
9. Croydon did not dispute that a lengthy period of honest concurrent use was a proper basis for defeating a claim on its behalf to a right to prevent Foodland's use of the mark. However, it contended that the Hearing Officer should have left out of account in his determination of the period of such concurrent use the period during which the respective parties were in effect working together. In particular, it was said that it was necessary to leave out of account the period prior to 2009, during which the various members of the Ucur family were operating the entire supermarket business together and the time when new supermarkets were only opened with the consent of and under the direction or control of Mr Huseyin Ucur.
10. It was argued that the Hearing Officer had not made relevant factual findings and, had the Hearing Officer taken those into account, he should have concluded that there had not been a lengthy period of concurrent use but only a very short period, if any, which was insufficient to defeat a claim to passing off and which would also have an impact on the *Budweiser* aspect of the case. Croydon therefore submitted that the case should be remitted to the Hearing Officer to make further findings relevant to that issue.

Discussion

11. Despite the attractive way in which they were advanced on behalf of Croydon, I am unable to accept those submissions for the following reasons.
12. First, the Hearing Officer made a clear finding at paragraph [48] of the decision that Mr Kemal Ucur had been operating TFC supermarkets since August 1995 in a range of places, often without the involvement of Mr Huseyin or Mr Ercan Ucur and vice versa.

He also found that each side had indicated, in particular, that the other side could use the names in question. Those findings were based not only on the reasonably extensive evidence in witness statements but considerable oral evidence.

13. Second, my attention was drawn to some of the written evidence and cross-examination of the witnesses supporting the Hearing Officer's findings and I have read those passages and some of the related passages. It appears from those paragraphs that there was a clear evidential basis for the Hearing Officer's findings which additionally accord both with the overwhelming likelihood in a relatively informal family business of this kind and the fact that it was accepted in evidence that Mr Huseyin Ucur was more recently seeking to impose control which had previously not been exercised.
14. Third, on the material I have seen, even if it was the case that the person who set up the first of the group of businesses, Mr Huseyin Ucur had agreed to the setting up by other family members of other businesses bearing the relevant mark with his consent and had, to that extent, been the originator, in a general sense, of those businesses as well, that is the kind of situation where, once the businesses have been set up and traded independently, the originator cannot, absent specific provisions in a licence agreement or other special circumstances, prevent the new business from continuing to use the name in question and claw back the exclusive right to use the mark. Moreover, even if there had been a kind of informal partnership in which each member was entitled to use the common mark, it does not follow that upon the parting of ways only the "originator" of the business would be entitled to continued use of the mark (see the principles in cases such as *Dent v. Turpin* referred to below). Further still, there is a general principle that an undertaking which sets up another undertaking to trade using the first undertaking's mark may well be prevented from denying the junior user's right to continue doing so (see e.g. *Habib* referred to below).
15. Although the parties did not refer to these principles on the appeal before me, they were briefly discussed in argument, and they are relevant to the question of whether or not there would be any justification in remitting the case to the Hearing Officer for further findings. These principles were recently summarised by Mr Recorder Purvis in *W.S. Foster & Son Ltd v Brooks Brothers UK Ltd* [2013] EWPC 18 (21 March 2013) as follows:

55. Concurrent goodwill

56. It is well-established that there are cases in which, despite the existence of the elements of the 'classical trinity' of goodwill, likelihood of deception and damage, a Claimant will not be able to restrain the use of a confusingly similar mark by a Defendant. One subset of these cases is where the Defendant can justify the use of his mark on the basis of his own goodwill built up independently of the Claimant. In *Phones 4U* at paragraph 21 Jacob LJ described such a case of 'honest concurrent use' as being an example of 'tolerated deception or a tolerated level of deception'. The Defendant in the present case claims the benefit of such a defence.

57. The doctrine was explained by Lord Diplock in *General Electric* [1972] 1 WLR 729 at 743 as follows:

'the interest of the public in not being deceived about the origin of goods had and has to be accommodated with the vested right of property of traders in trade marks which they have honestly adopted and which by public use have attracted a valuable goodwill.'

58. In *Hotel Cipriani v. Cipriani (Grosvenor Street) Ltd* [2009] RPC 9, Arnold J at first instance noted at [232] that concurrent goodwill '*can in appropriate circumstances constitute a defence to a passing off claim*'. So far as I am aware, there are two recognised types of 'appropriate circumstances' in which a defence of based on honest concurrent use may exist.

59. The first type involves independent goodwill built up over the years in separate localities by different traders who then come into collision as a result of increased trade. This is the first instance given by Lord Diplock in *GE* after the passage quoted above. One example of this in the authorities (though strictly obiter) is the position of the Defendant in the *Hit Factory* case, see *Peter Waterman v CBS United Kingdom Ltd* [1993] ETMR 27 at 50.

60. The second are 'common ancestor' cases where both parties originally derived their use of the name legitimately from the same source and have since traded under the name alongside one another. The most famous example of this is the clockmaker case of *Dent v Turpin* (1861) 2 J&H 139 quoted by Jacob LJ in *Phones 4U* at 22. There, father Dent had two clock shops in London and had bequeathed one each to his two sons. Both traded legitimately as Dent, and it is clear that neither could have brought an action to stop the other. Either or both was entitled to bring an action to stop a third party, Mr Turpin, from using the Dent name. Other examples can be seen on the facts of *Habib Bank v Habib Bank* [1982] RPC 1 and *Sir Robert McAlpine v Alfred McAlpine* [2004] RPC 36. McAlpine is also an illustration of one of the limits of the doctrine: if the Defendant starts to trade in a way which is materially different from the way in which he has legitimately built up his own goodwill, so as to cause confusion with the Claimant (in that case it involved a change in the use of the sign itself, by

dropping the distinguishing identifier 'Alfred', but other instances might involve a change of business practice such as moving to a different geographical area), then the honest concurrent use defence will not help him.

16. In my judgment, having regard both to the Hearing Officer's decision and at least the *prima facie* impact of these additional principles, there is no realistic prospect of any other facts being found, were the case to be remitted, which would result in the Hearing Officer or another tribunal reaching a conclusion that there was not sufficient honest concurrent use to defeat the passing off claim.
17. Fourth, as to procedure, the Hearing Officer raised the point of honest concurrent use before the parties addressed him in oral argument and said that it appeared to him that each business appeared to be set up independently which gave rise to the possibility of concurrent goodwill. Both sides had ample opportunity to develop their argument on this point and I am satisfied that, had there been any evidential lacunae touching upon the point, it could have and should have been cleared up at that stage and there is insufficient procedural basis for saying that the case should be remitted. In any event, I am not persuaded that there is any such deficiency.
18. For all these reasons, it would not be right to remit this case to the Hearing Officer to find further facts. He made sufficient clear and reasonable findings which, having regard to the law which he correctly applied and other well-established principles, lead to the conclusion that neither side in this case can prevent the other's use of the relevant marks under the law of passing off.
19. I therefore dismiss this ground of appeal.

The remaining s.5(2)(b) point

20. The above considerations are, in my judgment, determinative of the appeal. The second aspect of the appeal, which was not really advanced as a separate point at the hearing, challenges the Hearing Officer's application of the approach of the CJEU in the *Budweiser* (honest concurrent use) case to the provisions of s.5(2)(b). It is not suggested that he made any error of principle in his application of these principle and, having found that there was honest concurrent use in the context of the passing off issues, it was in my judgment inevitable on the facts of this particular case that the same conclusion would

follow in this analogous context. Indeed, it was not seriously suggested otherwise and it was sensibly recognised that this second aspect goes with the first. I therefore give my reasons for rejecting this aspect of the appeal briefly.

Budweiser and the impact of a long period of honest concurrent use

21. At paragraph [70] of the Decision, the Hearing Officer referred to the relevant principle in the following way:

70) In my view the matter would come to an inevitable conclusion of a likelihood of confusion (other than in respect of the non-similar goods) in the normal course of events. However, this is a case which does not represent a normal course of events. At the hearing I highlighted to the parties the judgment of the CJEU in *Budějovický Budvar, národní podnik v Anheuser-Busch Inc* Case C-482/09 and that I would consider whether it was applicable in the circumstances before me.

In that judgment the CJEU held:

“Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that the proprietor of an earlier trade mark cannot obtain the cancellation of an identical later trade mark designating identical goods where there has been a long period of honest concurrent use of those two trade marks where, in circumstances such as those in the main proceedings, that use neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services.”

22. The Hearing Officer went on to apply that approach, after setting out the way in which that had been done by the Court of Appeal in the *Budweiser* case upon return to the English court, *Budejovický Budvar, národní podnik v Anheuser-Busch Inc* [2012] EWCA Civ 880. At paragraph [72] the Hearing Officer said:

72) In this case TFC (or the triangular logos containing these letters) has never denoted the goods of services of Croydon only; for a lengthy period it has also denoted the goods and services of Foodland. Both sides have tolerated each other's independent use, both sides have referred to the ability for other family members to use it, neither party, up until now, has attempted to exercise any form of control over the other. There is no evidence of an adverse effect having been created by Foodland's use. The judgment of the CJEU and the Court of Appeal relates to an invalidation action under section 5(1) of the Act. However, the same reasoning must apply in relation to opposition proceedings under section 5(2)(b) of the Act, *mutatis mutandis*. Foodland (albeit via the use of Kemal Ucur) can rely upon the effects of its concurrent use with no adverse effect. Consequently, the ground of opposition under section 5(2)(b) of the Act is dismissed.

23. In my judgment, in so holding, the Hearing Officer made no error of approach nor was he clearly wrong. To the contrary, in the light of his earlier findings of fact, this conclusion was inevitable. The respective marks, which he had held to be very similar and therefore affording a prima facie ground for objection, had been used for a very lengthy period to denote the goods of both sides without any effective control being exercised over such use by either side. To my mind, this was a paradigm case for the application of the *Budweiser* approach to reach a “rational answer”, to adopt the language of the Court of Appeal in that case at [33].

OVERALL CONCLUSION

24. For these reasons, the appeal will be dismissed.

COSTS

25. Both parties accepted that the usual approach to costs should apply. Since the appeal has been dismissed, the appellant, Croydon, must pay the respondent, Foodland’s costs. The Hearing Officer held that each party should bear its own costs. I would not disturb that conclusion. However, since only the appellant has challenged the decision and has been unsuccessful, a different approach should obtain on this appeal. Having regard to the relatively brief submissions, written and oral and the scale of costs, I consider that the sum of £600 in total in respect of preparation for and attendance at the hearing is appropriate.

26. I therefore order that Croydon should pay Foodland the sum of **£600** within 7 days.

DANIEL ALEXANDER QC

Appointed Person

10 October 2014

ST Solicitors appeared on behalf of the opponent/appellant

Jonathan Moss instructed by Briffa appeared on behalf of the applicant/respondent