

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 2111700
IN THE NAME OF DIXY FRIED CHICKEN (EURO) LTD**

AND

**IN THE MATTER OF AN APPLICATION
FOR A DECLARATION OF INVALIDITY UNDER NO. 12056
IN THE NAME OF DIXY FRIED CHICKEN (STRATFORD) LTD**

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in the name of Dixy Fried Chicken (Euro) Ltd**

And

**IN THE MATTER OF an Application for a Declaration of Invalidity
under No. 12056 in the name of Dixy Fried Chicken (Stratford) Ltd**

Background

1. Trade mark registration 2111700 stands on the Trade Marks register in the name of Dixy Fried Chicken (Euro) Ltd, and in respect of a specification of goods as follows:

Chicken and chicken products; all included in Class 29.

2. The mark is as follows:



3. On 8 November 2000, Dixy Fried Chicken (Stratford) Ltd made an application under Section 47(1) and 47(2) of the Act to have the trade mark registration declared invalid. The grounds of the application are, in summary:

- 1. Under Section 3(1)(a)** because the mark is devoid of distinctive character and is not capable of distinguishing the proprietor's goods,
- 2. Under Section 3(1)(d)** because the word DIXY is common to the trade for Fried Chicken restaurant and take-away's, and is a generic term for the product,
- 3. Under Section 3(6)** because the application was made in the full knowledge that the mark was being used by many traders.
- 4. Under Section 5(4)(a)** because of the applicant's earlier rights.

4. The applicants ask that the registration be removed from the register and that costs be awarded in their favour.

5. The registered proprietors filed a Counterstatement in which they deny the grounds of the application, and they ask that costs be awarded in their favour.

6. Both sides filed evidence. The matter came to be heard on 14 November 2002, when the registered proprietors were represented by Mr Simon Malynicz of Counsel, instructed by A1 Trade Marks and Service Marks, their trade mark attorneys, the applicants were represented by Mr Mohammad Saeed Akhtar, the shareholder and secretary of the applicants.

Applicant's evidence Rule 13(11)

7. This consists of a Statutory Declaration dated 14 November 2001, and comes from Mohammad Saeed Akhtar, a shareholder of Dixy Fried Chicken (Stratford) Limited. Mr Akhtar confirms that he is authorised by the company to make the Declaration, and that he has full access to the records of the company and its predecessors in title.

8. Mr Akhtar states that on 1 June 1989, he and Mr S M Raja acquired the leasehold interest in premises in West Ham Lane, London and began trading under the name DIXY FRIED CHICKEN. He sets out various facts, referring to exhibit 1 as confirmation. The exhibit consists of various items of business correspondence addressed to DIXY FRIED CHICKEN and also Mr Actar & Mr Rajat T/A Dixy Fried Chicken at the premises given, the earliest dating from 1 June 1989. The exhibit also includes a flyer advertising special offers on DIXY FRIED CHICKEN available until 31 July 1989, and the following items of documentation:

- an agreement dated 16 May 1992, under which Mohammad Saeed Akhtar transferred the fried chicken take-away business from CS Overseas (UK) Ltd (a company used to run the business) to Dixy Fried Chicken (Stratford) Limited,
- certificates of incorporation on change of name, whereby C.S. Overseas (UK) Ltd became incorporated under the name Dixy Fried Chicken (Stratford) Limited, effective from 15 May 1992,
- certificates of incorporation relating to Dixy Fried Chicken (Stratford) Limited, effective from 17 November 1997,
- various financial reports and annual returns, the earliest dating from period ending 31 March 1993, relating to Dixy Fried Chicken (Stratford) Limited, inter alia confirming that the business commenced trading on 13 March 1992.

9. Mr Akhtar says that Dixy Fried Chicken (Stratford) Limited ceased trading, although does not give a date, until the shop was sublet to Mr Igha Iqbal Ahmed under the terms of an agreement dated 30 May 1994 (the agreement being shown as exhibit 13) from two locations, including West Ham lane.

10. Mr Akhtar says that from at least as early as 1986, Mr and Mrs Raja had been trading under the name DIXY FRIED CHICKEN from an address in Chingford. He states that they approached his accountancy practice to act on their behalf, and he refers to various taxation documents forming part of exhibit 3, the earliest of which relates to trade carried on by DIXY FRIED CHICKEN in the 1986-87 income tax year.

11. Mr Akhtar says that the company Dixy Fried Chicken (GB) Limited was incorporated during July 1986, Mr Raja being appointed Director with 5,000 shares allotted to him. He states that the company traded until July 1993 when it was put into compulsory liquidation, as evidenced by the documentation shown as exhibit 18. Mr Akhtar says that a new company under the name Dixy Fried Chicken (GB) Limited was incorporated by Mr Abid Mahmood a colleague on 30 May 1996, but never traded and was struck off on 3 March 1998. Copies of the certificates of incorporation and dissolution are shown as exhibit 19.

12. Mr Akhtar details the circumstances in which he came to purchase the DIXY FRIED CHICKEN business operated by Mr Raja from premises at 48 Station Road, London E4 on 1 September 1993, exhibit 3 containing documentation relating to the acquisition of the business including the premises.

13. Mr Akhtar goes on to refer to earlier proceedings in which Mr Raja had opposed a trade mark application made by Dixy Fried Chicken (Euro) Limited, exhibit 8 consisting of documentation relating to those proceedings. He refers to the filing of the then application for registration that is the subject of these proceedings, highlighting that exhibit 4 shows the company to have been incorporated on 8 October 1993, dissolved on 8 August 1995 and restored on 6 September 1996. The exhibit also includes the Director's reports and financial statements for the period ending 31 March 1995, and a letter dated 13 September 1995, from Mr Raja to Mr Abid Mahmood of Dixy Fried Chicken Euro Limited.

14. Mr Akhtar says that Mr Raja also opposed the registration of this second application. Exhibit 3 includes a Statement dated 13 February 1998 from Mr Moin Raja confirming that he was a shareholder and Director/Secretary of Dixy Fried Chicken (GB) Limited, a company incorporated on 31 July 1986, and various documents filed in earlier proceedings, including details of other traders using the name DIXY FRIED CHICKEN and the various companies that have used the name as part of their identity. Exhibits 10 to 15 contain copies of statements from traders confirming that they have been trading as DIXY FRIED CHICKEN, inter alia, Mr Jaffrey from 1994, Mr Malik from 1989 (and his predecessors from an earlier date), Mr Ahmed from 1990, Mr Yussuf from 1995. Most traders file documentary evidence to support the date claimed.

15. Mr Akhtar alleges that Dixy Fried Chicken (Euro) Limited attempted to obtain money from some or all of these traders, and made threats to remove signage from their shop fronts, referring to exhibits 18 and 9 as evidence of this. Mr Akhtar asserts that it is as a result of this harassment that Mr Raja withdrew his opposition to the registration. Exhibit 3 includes a copy of Mr Raja's letter withdrawing his opposition. Other than to acknowledge that Dixy Fried Chicken (Euro) Limited are the true and rightful owners of the mark, Mr Raja does not give any reasons.

16. Mr Akhtar goes on to refer to earlier proceedings, in which Mr Nawaz applied to invalidate the now registration, and the circumstances that he alleges led to his withdrawing the action. He refers to exhibit 7, which includes a letter dated 22 August 2000, written on paper headed “DIXY FRIED CHICKEN- Stoke Newington” with an address in London N10. The letter withdraws the application for invalidation, is signed by Mr Nawaz and witnessed by “Debby Brown at 185 Town Rd, London N9” (the registered proprietors’ address). The exhibit also includes a licence agreement between Mr Nawaz and the registered proprietors, under which Mr Nawaz was licenced to use the trade mark. Although dated 1 September 2000, the agreement appears to have also been signed on 21 August 2000.

17. Mr Akhtar asserts that neither the registered proprietors, nor any company associated with them has traded under the mark DIXY FRIED CHICKEN, but have done so under the name DIXY CHICKEN. At exhibit 5 he shows samples of packaging and items of correspondence to support this contention. Invoices relating to the supply of packaging and signage show use of DIXY FRIED CHICKEN by Mr Akhtar dating from July 1993 and June 1989, respectively. The cartons also contain a device of a chicken’s head. Exhibit 6 contains the proof of an advertisement for DIXY FRIED CHICKEN, but there is nothing that shows that it was placed.

18. Mr Akhtar makes various references to the removal of signs from premises trading as DIXY FRIED CHICKEN, and to documents in exhibits 2 and 9 relating to these events. He goes on to give details of traders operating under the name DIXY FRIED CHICKEN, and to refer to exhibit 16, which consists of a list of, inter alia, companies registered with the DIXY FRIED CHICKEN name.

19. Mr Akhtar concludes his statement by setting out why he believes the mark was wrongly registered.

Registered proprietors’ evidence

20. This consists of two Statutory Declarations by Abid Mahmood, Joint Managing Director of Dixy Fried Chickens (Euro) Limited, a position he has held since October 1993. Mr Mahmood sets out the positions held in his company’s predecessors in title, being Director of Dixy Fried Chicken (GB) Limited from 31 July 1986 to date, and Director of Dixy Fast Food Distributors Limited from 1984 to 1992,

21. In the first Declaration is dated 11 September 2001, Mr Mahmood exhibits a copy of a Statutory Declaration dated 28 August 1998 that he filed in earlier opposition proceedings. The remainder is a response to points made by Mr Akhtar. I will first summarise the earlier Statutory Declaration exhibited, and then go on to deal with the points made by Mr Mahmood, insofar as it introduces new, or expands on relevant facts not covered by the earlier Declaration.

22. Mr Mahmood refers to Declarations filed by Mr Ahmad, Mr Khan, Mr Yussuf and Mr Malik filed by the opponents, and to Declarations filed by these individuals withdrawing their support for the applicants for invalidation and acknowledging Dixy Fried Chickens (Euro)

Limited's ownership of the mark. He also refers and exhibits Declarations from other traders using the DIXY FRIED CHICKEN name, most of whom acknowledge the claim to ownership, or support the application of Dixy Fried Chickens (Euro) Limited. Mr Mahmood goes on to refer to letters (exhibits AM18 to AM20) from Mr Ahmad, Mr Khan and Mr Yussuf, all members of the DIXY FRIED CHICKEN TRADERS ASSOCIATION, resigning their positions.

23. Mr Mahmood goes on to refer to a notice placed in the 31 January to 2 February 1998 editions of a publication entitled Jang (exhibits AM22 to AM24), a newspaper published in the United Kingdom for Asians, and to a copy of a letter dated 2 February 1998 (exhibit AM25) sent by Mr Mahmood to the Editor of that publication. He also refers to a press release (exhibit AM26) issued by the Dixy Fried Chicken Traders Association, informing its members that Dixy Fried Chicken (GB) Limited had been restored to the register of companies to enable an investigation by the liquidator.

24. Mr Mahmood refers to exhibit AM27, which consists of a photocopy of the packaging used by Mr Akhtar's business, and exhibit AM28 which consists of a copy of an agreement effective from 30 May 1994, between Mr Akhtar and Mt Ahmed, under which Mr Ahmed leased premises from Mr Akhtar for the purpose of running DIXY FRIED CHICKEN businesses. The exhibit also includes the copy of a letter from Mr Ahmed to Mr Mahmood. Apart from a request for employment there is no indication as to how or why the letter was written to Mr Mahmood.

25. Mr Mahmood refers to exhibit AM29, which consists of a letter dated 24 July 1997, sent by Mr Akhtar to Mr Mahmood as the Managing Director of Dixy Fried Chickens (Euro) Limited, confirming Mr Raja is no longer trading under the name DIXY FRIED CHICKEN, that Mr Akhtar had several businesses trading under that name, and responding to threats to remove signage from premises.

26. Mr Mahmood outlines the history of the DIXY FRIED CHICKEN trade mark, saying that up to 1986 he had operated a Kentucky Fried Chicken franchise, at which time he decided to set up a business under the DIXY name, and formed The London Franchise Association as an umbrella for these franchisee. He refers to an agreement dated 24 March 1987 (exhibit AM30) between his company, Dixy Fast Food Distributors Limited and Billy H Bryant, by which Mr Bryant would supply a seasoning spice mix as an ingredient in batter used for cooking chicken, the agreement, taking effect from 1 April 1987. There is no mention of DIXY FRIED CHICKEN.

27. Mr Mahmood refers to the request in April 1998 to have Dixy Fried Chicken (GB) Limited restored to the company register. Exhibit AM31 consists of a copy of the court order restoring the company. The restoration appears to have been at the request of the liquidator of the company, there being no mention of any involvement with Mr Mahmood. He then refers to an agreement dated as 18 August 1986 (exhibit AM32) under which Dixy Fried Chicken (GB) Limited licenced use of the DIXY FRIED CHICKEN name to Mr Raja, who was trading out of premises at 48 Station Rd, London E4, for a period of ten years. Mr

Mahmood refers to the clause relating to intellectual property rights, concluding that any use by Mr Raja therefore accrues to Dixy Fried Chicken (GB) Limited.

28. Mr Mahmood concludes this Declaration by denying that he and Amjad Ali were minority shareholders in Dixy Fried Chicken (GB) Limited, in support referring to exhibit AM33. This consists of copies of two share certificates, numbered 9 and 10, issued on 1 August 1991, certifying that both he and Mr Ali hold thirteen thousand shares in the company.

29. Returning to Mr Mahmood's comments on the Statement by Mr Akhtar; he says that Mr Raja was a franchisee, Director and shareholder of Dixy Fried Chicken (GB) Limited, and at no time had the power to authorise the use of the company's trade mark other than as a franchisee or licensee. He refers to exhibit AM NEW2, which consists of a further copy of the franchise agreement referred to as exhibit AM32, which Mr Mahmood refers to as being between Mr Raja, and Dixy Fried Chicken (GB) Limited, a predecessor in title to his company.

30. Mr Mahmood comments on the reasons behind his company withdrawing an earlier application, exhibit AM NEW 3 being a copy of a letter from his company's trade mark agents. Exhibit AM NEW 5 consists of a further copy of exhibit AM23. Mr Mahmood reiterates that the first DIXY FRIED CHICKEN stores were opened in 1986 by Dixy Fried Chicken (GB) Limited, and through various successions of title, his company has traded continuously. He states that the franchise agreements were transferred from Dixy Fried Chicken (GB) Limited to Dixy Fried Chicken (Euro) Limited, and that their trading style has included the words DIXY and CHICKEN, FRIED being no more than a description. Mr Mahmood acknowledges that Mr Raja had been trading since 1986.

31. Mr Mahmood comments on the legitimacy of Mr Akhtar's actions in obtaining packaging bearing the DIXY FRIED CHICKEN logo. He admits that his company was responsible for the removal of signage from premises of Mr Jaffrey, and also Mr Asif /Mr Bergum who commenced proceedings as a result.

32. Mr Mahmood refers to exhibits AM NEW 5 to 10, which, as far as they have some evidential value, consist of:

- a sub-leasing agreement dated 9 June 1994, by which Mr Jaffrey leased premises situated at 515 Seven Sisters Rd, N15, agreed to pay a sum for a DIXY FRIED CHICKEN licence, and to execute a "new and separate" franchise agreement with Dixy Fried Chicken (GB) Limited,
- power of attorney dated 10 August 1987 by Shah Nawaz, appointing Amjad Ali and Abid Mahmood as attorneys in principal in relation to his shareholding in Dixy Fried Chicken (GB) Limited.
- letter dated 16 July 1986 informing Mr Mahmood that documents to incorporate Dixy Fried Chicken (GB) Limited had been filed, accompanied by a form notifying the Registrar of Companies of the issue of a debenture for

£35,000 as charge on the company's assets, including licence agreements, and a copy of the debenture document,

- letter dated 30 March 2001, from M.B.C Signs (London) Limited, confirming that between 1986 and 1998 they were the sole manufacturers of fascia signs and menu systems for DIXY FRIED CHICKEN. The letter states that they were given instructions and supplied with the transparencies to manufacture the signs by Mr Mahmood and that they installed signs at 148 Station Rd, 51 West Green Rd and 22 West Ham Lane which were paid for by Mr Raja or Dixy Fried Chicken.

33. The second Statutory Declaration from Mr Mahmood is dated 11 October 2001. He refers to exhibit AM Sup 2, which he describes as a list of 40 franchisees. The list contains name and address details but nothing that confirms that they are, in fact franchisees, and if so, from what date?

34. Mr Mahmood refers to exhibit AM Sup 3 which consists of a photocopy of a cheque dated 18 November 1996, issued by A K Butt, and a letter dated 22 November 1996, from Mr Mahmood to Mr Asif. The letter mentions that the cheque was for goods supplied and was the "first transaction" of their business arrangement. The letter also requests a further sum for large transparencies supplied.

35. Exhibit AM Sup 4 consists of a copy of a licence agreement dated as 25 May 1989, between Dixy Fried Chicken (GB) Limited and SuperMead Limited, relating to the operation of a DIXY FRIED CHICKEN business at 44 Topsfield parade, London N8. Mr Mahmood asserts that this relates to Mr Malik being a franchisee of his company, although there is no mention of Mr Malik's name, nor any evidence to say that he had any involvement with the named company. He makes the same assertions in respect of premises at 279 High Road, London E11 said to have been run as a franchise by Mr Ahmed, although does not provide any supporting documentation.

36. Mr Mahmood goes on to refer to Mr Jaffrey having traded from premises at 515 Seven Sisters Road, N15, saying that as evidenced by exhibit AM Sup 5, Mr Jaffrey leased the premises from Mr Mahmood, who had owned the premises from 1976 and had been trading as DIXY FRIED CHICKEN prior to the sale. The agreement is dated 9 June 1994, is headed as a sub-lease and describes Mr Mahmood as the leaseholder so he clearly does not own the premises. Although the agreement stipulates that Mr Jaffrey would pay money inter alia, for the rent of the premises and in respect of a DIXY FRIED CHICKEN licence fee, there is nothing in the agreement that confirms Mr Mahmood's involvement with the premises from 1976, nor that he had ever traded from the premises, let alone under the name DIXY FRIED CHICKEN.

37. Exhibit AM Sup 6 consists of correspondence between Mr Mahmood and Mr Singh, who had opened premises under the name DIXY FRIED CHICKEN, under the authority of the Dixy Fried Chicken Traders Association, with which Mr Akhtar is involved.

38. Exhibit AM Sup 7 consists of a copy of an agreement dated 15 May 1999, between Dixy Fried Chicken (Euro) Limited and Mr Rashid/Mr Jaspal, by which Mr Rashid/Jaspal were licenced to use the name DIXY FRIED CHICKEN. Exhibit AM Sup 8 consists of a similar agreement dated 26 April 2001 with Mr Nawaz. Exhibit AM Sup 9 consists of a certificate of registration, dated 10 November 2000, for the trade marks D.F.C/DFC. Exhibit AM Sup 10 includes a notice issued by the Dixy Fried Chicken Traders Association, informing members of the association's intention to seek removal of the trade mark registration in suit. Exhibit AM Sup 11 consists of a letter from DIXY CHICKEN (Dixy Fried Chicken (Euro) Limited) threatening action against a trader using the name TOP DIXY CHICKEN. Exhibit AM Sup 12 consists of an undated brochure and application for a franchise of DIXY CHICKEN. Exhibit AM Sup 13 consists of various printed matter, none of which is, or can be dated as originating prior to the relevant date.

That concludes my summary of the evidence insofar as it is considered relevant to these proceedings.

Decision

39. I will turn first to the grounds under Section 3(1)(a) and (d) as these are most easily disposed of. Those sections read as follows:

“3.-(1) The following shall not be registered -

- (a) signs which do not satisfy the requirements of section 1(1),
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

40. There is no suggestion that the mark is not represented graphically, so the question is whether the mark is capable of distinguishing goods of the registered proprietor from those of other undertakings. At the hearing the submissions showed the applicant's case to have two strands; that the mark is theirs and therefore cannot be capable of distinguishing the registered proprietors' goods, and/or, that the expression DIXY FRIED CHICKEN is commonly used by a number of traders and cannot serve to distinguish the goods of any one trader.

41. Section 3(1)(a) is concerned with the question of whether a mark is capable of distinguishing, and not with the rights that another trader considers that they possess in the same or a similar mark; that is a matter to be determined under the provisions of Section 5. There is nothing I can see, nor any evidence that establishes the term DIXY FRIED CHICKEN (or DIXY solus) is a generic term. I take the view that if there is any basis to the

second part of the applicant's objection, it subsists in the ground under Section 3(1)(d), and the objection under Section 3(1)(a) is dismissed accordingly.

42. In relation to Section 3(1)(d), the ECJ has said in *Merz v Krell GmbH*, Case C-517/99, that:

"It must first of all be observed that, although there is a clear overlap between the scope of Article 3(1)(c) and 3(1)(d) of the Directive, marks covered by Article 3(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the trade mark is registered."

43. The evidence shows there to be a number of businesses trading under the name DIXY FRIED CHICKEN or something similar, for example, the registered proprietors use DIXY CHICKEN. Clearly, if there is any distinctiveness in the mark, it rests in the term DIXY, the remainder being no more than a description of the goods.

44. As I see it, and there is no evidence to contradict me, the term DIXY is no more than an allusion, creating an idea of a type of foodstuff commonly associated with the Southern states of the US. At the hearing I used the term "southern fried chicken" which from my knowledge is one (although I am not saying the only) way of describing such foodstuffs. That a number of traders use the term DIXY as a trading style does not establish that it has "become customary in the current language or in the *bona fide* and established practices of the trade", only that it has a certain attractiveness because of the idea it creates. Accordingly I dismiss the ground under Section 3(1)(d).

45. Turning to the ground under Section 5(4)(a). That section reads as follows:

"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, or

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an "earlier right" in relation to the trade mark."

46. Mr Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* case(1998 RPC 455) set out a summary of the elements of an action for passing off. The necessary elements are said to be as follows:

(a) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

- (b) 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
- (c) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

47. Mr Akhtar states that on 1 June 1989, he and Mr S M Raja acquired a leasehold interest in premises at 22 West Ham Lane Stratford, London, and began trading from this address under the name DIXY FRIED CHICKEN. The evidence (exhibit 1) includes a letter and certificate dating from June 1989 confirming that DIXY FRIED CHICKEN at the above address had been registered for VAT, with a trade classification of "Fishchip shops etc on/off prems consumption", or in other words a take-away restaurant with facilities to eat in. The exhibit also includes a flyer advertising special offers available from the restaurant that were available to 31 July 1989. The flyer is headed with the words DIXY FRIED CHICKEN with the device of a stylised "Chicken's head".

48. Other documents in the exhibit show this business to have continued, albeit under the ownership of Dixy Fried Chicken (Stratford) Limited (by virtue of an agreement dated 16 May 1992), a company incorporated in October 1991 to manage the business, Mr Raja holding the position of Managing Director. The Agreement stated that it would stay in force unless determined by notice being given, and presumably, for as long as the company continued to trade. Although the company continued trading until 1995, in May 1994, Mr Akhtar, executed an agreement with Mr Igha Iqbal Ahmed, under which Mr Ahmed leased the business. Mr Akhtar is described as the "owner" although there is no evidence that shows the agreement with Dixy Fried Chicken (Stratford) Limited had been terminated. But whether Mr Akhtar was in a position to effect the lease, what is clear is that the DIXY FRIED CHICKEN business continued.

49. There is also the matter of Mr Akhtar's acquisition of Mr Raja's business at 48 Station Road, London, E4. The purchase agreement, dated 1 September 1993, transferred all of the property and assets of the Dixy Fried Chicken shop, including the goodwill for which a separate sum was paid, into the ownership of Mr Akhtar. The registered proprietors challenge this saying that Mr Raja had made no mention of a partner and had on a number of occasions confirmed that he personally owned the stores in North Chingford, Stratford and West Green Road, but that in any event, Mr Raja had no power to authorise use of Dixy Fried Chicken, other than as a franchisee.

50. Mr Mahmood says that he coined the name DIXY FRIED CHICKEN in 1986, at which time he, and his Joint Managing Director, Mr Amjad Ali set up the London Franchise Association with the aim of "uniting those traders who were prepared to trade as franchisees under the name". It is common ground that on 31 July 1986, the registered proprietors formed a company under the name Dixy Fried Chicken (GB) Limited, Mr Moin Raja also being appointed as a Director of this company.

51. Mr Mahmood says that on 1 April 1987, his then company Dixy Fast Food Distributors Limited entered into a licensing agreement with Mr Billy Bryant, a trader in the United States whom Mr Mahmood had encountered in his days as a franchisee of Kentucky Fried Chicken. Under the license Mr Bryant was to supply Mr Mahmood's company with a "seasoning spice mix to be used as an ingredient in batter used for cooking chicken". Mr Mahmood does not say, nor is there is any evidence that Mr Mahmood's company had previously obtained supplies from an alternative source. It therefore seems unlikely that Mr Mahmood's trade under the name DIXY FRIED CHICKEN could have commenced prior to 1 April 1987, but I also note that there is no evidence that establishes that any deliveries were received from Mr Bryant, either on that date or at any time thereafter.

52. This seem to be at odds with the exhibit at AM New2, a copy of a franchise agreement dated 18 August 1986, between Mr Moin Raja, who had been trading from premises at 48 Station Road, Chingford and Dixy Fried Chicken (GB) Limited, under which Mr Raja became a DIXY FRIED CHICKEN franchisee. There is also the matter of the accounts for SM & Mrs F Raja, trading as DIXY FRIED CHICKEN. Although these are dated as year ending 29 May 1987, there is an entry "BALANCED BY CAPITAL ACCOUNT- Balance as at 1 June 1986" which seems to indicate that, at the date of incorporation of Dixy Fried Chicken (GB) Limited, Mr Raja was already trading under that name, which begs the question as to why he would enter into an agreement to use a name he was already using.

53. There is also the matter of Mr Raja's opposition to the registered proprietors' now registration, and also an earlier application that was withdrawn, albeit according to the registered proprietors, not as a result of Mr Raja's opposition. In his evidence Mr Raja makes detailed and unambiguous statements relating to his, and other trader's use of DIXY FRIED CHICKEN. Strangely he makes no reference whatsoever to his use being under the terms of a franchise agreement with the registered proprietors. As a director he would most probably have been aware that franchising the DIXY name was the principal activity of his company, but even if this were not the case, he makes certain allegations relating to the tactics used by the registered proprietors to induce traders to sign agreements, so was obviously aware of the position regarding franchises.

54. Mr Akhtar asserts that Mr Raja was never a franchisee of Dixy Fried Chicken (GB) Limited, and I would have to say that some of the evidence originating from the registered proprietors does little to resolve this question. Exhibit 9 of Mr Akhtar's evidence includes a letter dated 6 November 1997 from a company calling itself Legal Connections, sent on behalf of Dixy Fried Chickens (Euro) Limited and Mr Mahmood and Mr Ali, to Mr Raja. The letter makes reference to Mr Raja as having previously traded unlawfully by "passing off". Yet on 23 February 1998, the same company acting for "A Mahmood, Debenture Holder and agent for liquidator" sent a demand for "Amounts due under terms of agreement and franchised outlet run by Mr M Raja under licence from Dixy Fried Chicken (GB) Limited" at three addresses including 48 Station Road. It seems that Mr Mahmood, or at least his legal representatives did not know whether Mr Raja was, or was not a franchisee. Mr Akhtar also correctly noted that there is no evidence that supports Mr Mahmood's apparent appointment as an agent of the liquidator, and therefore, his authority to collect monies said to be owed to the dissolved company.

55. There is no evidence that I can see, that establishes that the registered proprietors have made use of the trade mark themselves. Their claim to goodwill and/or a reputation in DIXY FRIED CHICKEN therefore rests with the franchise agreements with Mr Raja and a number of other traders, initially under licence by Dixy Fried Chicken (GB) Limited, and later by Dixy Fried Chickens (Euro) Limited, which, if substantiated, would take their claim back to 1986 and several years prior to that of the applicants. Setting aside the questions above, there is, I believe some doubt as to whether the registered proprietors are in a position to claim this goodwill.

56. In addition to Mr Raja, the registered proprietors claim the benefit of a number of other franchise agreements, inter alia, between Mr Rashid Malik and Dixy Fried Chicken (GB) Limited, stated to have been effected in 1989, which puts it at or around the same date as Mr Akhtar's date of first use. As with a number of other traders, Mr Malik initially made a Declaration in support of the application for invalidation, a Declaration that he subsequently retracted because he discovered that it had been made "on the basis of incorrect information". He does not say that he operated from 1989 as a franchisee of Dixy Fried Chicken (GB) Limited, which given the ongoing financial commitment is not a fact that I would have thought he would have "discovered" some nine years into the arrangement.

57. In support of their contention that Mr Malik is their franchisee, and consequently, that they are entitled to claim the goodwill, the registered proprietors exhibit an agreement (AM Sup 4), executed between Dixy Fried Chicken (GB) Limited as the licensor and SuperMead Limited who appear to have been operating a DIXY FRIED CHICKEN franchise from Mr Malik's premises. There is no mention of Mr Malik, nor whether he has any connection with SuperMead Limited, and unusually, apart from the cover which shows a date of 25 May 1989, the agreement is not dated either in the space provided on the top of the first page, nor at Clause 3.6 "Commencement date".

58. Mr Mahmood also makes reference to Mr Munir Ahmed as being a franchisee of his company (I take that to mean Dixy Fried Chicken (GB) Limited) from 1988, stating that the licence agreement was "in terms similar to those of AM Sup4". Mr Mahmood points to the fact that Mr Ahmed rescinded his declaration filed in support of the application and submitted a further Declaration stating that since filing the Declaration in support of the invalidation, he had also discovered that it had been made "on the basis of incorrect information". With his earlier Declaration Mr Ahmed confirmed, and filed documentary evidence to show that he had been trading under the name DIXY FRIED CHICKEN since 1990 (shown to be 20 October 1990), but in the later Declaration stating that this had been with the permission of Dixy Fried Chicken (Euro) Limited, a fact that seems to have escaped him when compiling his earlier Declaration. Distinct from the position with other franchisees, neither Mr Mahmood nor Mr Malik have provided a copy of a franchise agreement.

59. As I have already mentioned, the agreements with Mr Raja and Mr Malik show the licensor or franchisor to be Dixy Fried Chicken (GB) Limited. In the Report to creditors and contributories shown as exhibit 46 to Mr Akhtar's Statement, the company is stated to have traded from 1986 until July 1993, dissolved on 30 April 1996 and an order for its winding-up granted on 10 May 1996, the assets of the company at that time are stated to be "unknown".

60. On 8 October 1993, a company under the name Dixy Fried Chicken (EURO) Limited, was incorporated. This company was dissolved on 8 August 1995 and restored on 6 September 1996. It is this restored company that is the proprietor of record in relation to the trade mark although confusingly, in the period when this company was off the company register, Mr Akhtar seems to have registered a company of the same name. Mr Mahmood says that the franchises executed by Dixy Fried Chicken (GB) Limited were passed to Dixy Fried Chicken (EURO) Limited, but beyond Mr Mahmood's claims there is nothing in the evidence to support this, or even that it was the intention. Mr Malynicz submitted that this is immaterial; the goodwill derived from the operation of the franchises was held on trust. But there is no evidence of any trustee; the franchises were executed in the name of Dixy Fried Chicken (GB) Limited and were owned by that company.

61. Some of the franchisees have continued to deal with Dixy Fried Chicken (EURO) Limited, but I do not see that this is a basis for claiming Dixy Fried Chicken (GB) Limited as a predecessor in title, or the benefit of any agreements executed by that company. As I have already said, there is no evidence that the franchise agreements were being held in trust on behalf of any other company or individual, and I do not see the fact that a company has been formed by the officers or shareholders of an earlier company is a basis for claiming ownership of the property of that company; it is a separate legal entity.

62. In the case of *National Provincial Bank Limited v Ainsworth* [1965] A.C. 1175 at 1 247G-248A, Lord Wilberforce stated that a right or an interest can be admitted into the category of property if it is "definable, identifiable by third parties, capable in its nature of assumption by third parties and have some degree of permanence or stability". In my view the franchise agreements satisfy all of these conditions, constitute property, and were in the ownership of Dixy Fried Chicken (GB) Limited. When Dixy Fried Chicken (GB) Limited went into administration, the franchise agreements, as would all assets of that company, became the responsibility of the administrator. There is no evidence that the official receiver or liquidator assigned the benefit of the agreements, either prior to the original, nor the subsequent dissolution (after restoration) of that company. As such I take the view that the franchise agreements in the name of Dixy Fried Chicken (GB) Limited were *bona vacantia*, and under the provisions of Section 654 of the Companies Act 1985, ownership passed to the Crown. The position as I see it is that the registered proprietors cannot claim the benefit of any franchise agreements executed by Dixy Fried Chicken (GB) Limited.

63. Beyond various legal or business documents there is nothing that shows the registered proprietors to have conducted any trade under the trade mark from a date prior to that of the applicants. There is a letter dated 30 March 2001, from M.B.C Signs Limited to Dixy Fried Chicken at the registered proprietors' address, confirming that from 1986 they were the sole manufacturers of signs for Dixy Fried Chicken (including for the premises at 48 Station Road) owned by Mr Raja and subsequently sold to Mr Akhtar. They say that they received all instructions from Mr Mahmood and were paid by either Mr Raja or Dixy Fried Chicken which could mean a number of things. That this company manufactured the signs for Mr Raja's shop is confirmed by an invoice exhibited by Mr Akhtar. The invoice, dated 1 June 1989 is addressed to DIXY FRIED CHICKEN at the Station Road address, but does not mention Dixy Fried Chicken (GB) Limited, Mr Mahmood nor any other company with which he was

involved. What is clear is that any work undertaken up until the formation of Dixy Fried Chicken (Euro) Limited in October 1993 would have been done for, or on behalf of Dixy Fried Chicken (GB) Limited, and not Mr Mahmood personally.

64. There is a significant amount of evidence, but as I have indicated, it is far from perfect and raises questions that could only have been properly answered by examination of the declarants. There was no such request and I am left to draw what inferences I can. As I see it the applicants have established use of the mark DIXY FRIED CHICKEN dating from 1989, and pre-date any use capable of being claimed by the registered proprietors by a number of years. I have little information relating to the extent of their trade by which to gauge any goodwill and/or reputation likely to have been acquired, but given that the business has continued for a period of years I believe that it is reasonable to infer that it has been on a genuine commercial scale, and is likely to have established a level of reputation and goodwill. Although this use has been centred around areas of London, it is clear from case law that a reputation can be taken to extend beyond the immediate locality of a business (see *Chelsea Man Menswear Ltd v Chelsea Girl Ltd* (1987 RPC 10)). What is clearly relevant is that the registration is not limited to any particular geographical area and that the registered proprietors, through their franchisees, currently trade in the same locality as the applicants.

65. Having accepted that the applicants have an earlier reputation and goodwill in relation to their fried chicken business, and are self-evidently using the same mark in the same area of trade, in the same or nearby locations, it seems to me that misrepresentation is almost inevitable with consequential damage. Taking the best view that I can I consider that the applicants have established their case and the objection under Section 5(4)(a) succeeds.

66. Turning to the ground under Section 3(6). That section reads as follows:

“3.-(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

67. A claim that an application has been made in bad faith implies some deliberate action by the applicant which they know to be wrong, or as put by Lindsay J in the *GROMAX* trade mark case (1999) RPC 10 A...includes some dealings which fall short of the standards of acceptable commercial behaviour...@. It is a serious objection which places an onus of proof upon the party making the allegation.

68. The applicants have claimed that the now registration had been applied for in bad faith, inferring that at the time of making the application the proprietors of record knew that the mark belonged to them, but nonetheless made the application. The onus rests firmly with the applicants who must establish that at the time of making the application the registered proprietors knew that the mark they were seeking to register belonged to the applicants for invalidation, or alternatively, that it did not belong to the now proprietors of record. I have already found the applicants to have established a claim to an earlier goodwill and reputation in *DIXY FRIED CHICKEN*, but the evidence shows that the registered proprietors had adopted this as part of their corporate name, albeit of a now dissolved company. This being the case, I cannot find that the registered proprietors acted in bad faith in making the application, and consequently, the ground under Section 3(6) fails.

69. Turning to the question of costs. Mr Malynicz stated that the applicants had made allegations of the most serious nature against his clients, none of which had been substantiated, had caused considerable work in the earlier stages of the proceedings and ought never to have been made. On this basis he submitted that this was an exceptional case and warranted an award of costs outside of the usual scale. The application having been successful, the question is not whether an award off the scale is appropriate, but whether the applicants should receive all, any, or even have costs awarded against them.

70. The evidence filed in support of the application for invalidation does contain allegations that can only be described as serious. Although most have not been substantiated, there is some evidence that supports the applicant's allegation that the registered proprietors instigated the removal of signage from premises. The legitimacy of this action is, however, unclear, and it is doubtful whether it has any relevance to these proceedings. The registered proprietors in turn sought to fight fire with fire and directed parts of their evidence to the character of the applicants, and in particular, that of Mr Akhtar. It is regrettable that so much time and effort has been directed at issues peripheral to the main questions, but this in my view is a reflection of the personal involvement of the individuals concerned. In the circumstances I see no justification for departing from the usual protocol of awarding costs to the successful party, nor in reducing the award, which in any event is unlikely to reflect the actual costs they have incurred.

71. Mr Malynicz also requested that any award of costs should be against Mr Akhtar personally, although did not advance any arguments as to why this should be the case, but in any event, the outcome of these proceedings makes this request irrelevant.

72. The application for invalidation having been successful, the applicants are entitled to a contribution towards their costs. I therefore order the registered proprietors to pay the applicants sum of £635, this to be paid within seven days of the expiry of the period allowed for filing an appeal or, in the event of an unsuccessful appeal, within seven days of this decision becoming final.

Dated this 29 day of May 2003

**Mike Foley
for the Registrar
The Comptroller General**