

O-265-11

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION No. 2524102 AND**

**TRADE MARK REGISTRATION No. 2458518**

**FOR THE TRADE MARK 'RED MANGO'**

**BY TALAT ISMAIL**

**AND**

**CONSOLIDATED INVALIDATION AND OPPOSITION PROCEEDINGS**

**UNDER Nos. 83448 & 99871**

**BY RELAY INTERNATIONAL CO LTD**

## Background

1. Mr Talat Ismail owns the UK trade mark RED MANGO, which is registered in classes 30 & 32 for a wide range of foodstuffs, including desserts, and drinks<sup>1</sup>. Around the time that Mr Ismail registered this mark, he also registered the domain name pinkberri.co.uk. Mr Ismail accepts that he registered the domain name pinkberri.co.uk because he wanted to become the UK agent for a business that was selling a popular frozen yoghurt product in the United States at this time under the name Pinkberry. He denies that he registered his UK trade mark RED MANGO because he wished to use it as a lever to obtain a UK franchise from a South Korean company that was selling a frozen yoghurt product in the far east under the name RED MANGO, and which had been reported as being about to enter the United States market under the same name.

2. These events come before me for determination as a result of application No. 83448 by Relay International Co Ltd of South Korea (Relay) to invalidate Mr Ismail's registration of RED MANGO in classes 30 and 32 under No. 2458518, and an opposition from the same party under No. 99871 against Mr Ismail's later application No. 2524102 to register the same mark for services for providing food and drink in class 43<sup>2</sup>.

3. These proceedings are consolidated.

4. The grounds for invalidation/opposition are that Mr Ismail's applications were made in bad faith contrary to s.3(6) of the Act because they were means of hindering Relay's entry into the UK market if Mr Ismail's request for a UK franchise was rejected. This is the only surviving ground for invalidating the existing registration.

5. Relay's grounds for opposing the later application in class 43 include an additional reason for rejection under s.5(2) of the Act based on Relay's earlier Community trade mark (CTM) No. 6361463 in classes 30 and 43. The words RED MANGO appear prominently in this mark. Relay's application was filed on 2 November 2007, which is after the date of Mr Ismail's existing UK registration of RED MANGO in classes 30 and 32 (14 June 2007), but earlier than his application for the same mark in class 43 (19 August 2009).

6. Mr Ismail filed counterstatements denying the grounds for invalidation/opposition.

7. Mr Ismail has opposed the registration of Relay's intervening CTM on the basis of his earlier UK registration. I understand that these opposition proceedings continue at OHIM. I cannot anticipate the outcome of them. Fortunately, for reasons that will become clear later, I have no need to do so. I will therefore confine myself to the s.3(6) ground.

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<sup>1</sup> The full list is "Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice" in class 30 and "Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages" in class 32.

<sup>2</sup> The full list is "Services for providing food and drink; catering services; café and bar services; coffee shop services; food preparation; ice cream parlour services; snack bar services."

## **The Evidence**

8. The written evidence is contained in affidavits from Brandon Kwang Hee Jo and Roni Akeakamai Choo, both made on behalf of Relay, and for Mr Ismail, witness statements from Victor Ivan Caddy and from Mr Ismail himself. Mr Jo and Mr Choo are officers of Relay. Mr Caddy is a trade mark attorney who acts for Mr Ismail. Mr Ismail attended the hearing described below and gave further evidence during the course of cross examination.

## **The Hearing**

9. The matter came to be heard on 1 June 2011, when Mr Ismail was represented by Mr Jonathan Hill of Counsel, instructed by Wynne-Jones, Laine & James, and Relay was represented by Mr Alan Bryson of Counsel, instructed by J. A. Kemp & Co.

## **Undisputed Facts**

10. It is convenient to divide the facts into those matters which are in dispute and those which are not. I start with the matters which are not in dispute.

- a) Mr Ismail operates a jewellery business. At the time of making his first application for RED MANGO he owned three jewellery shops and had an interest in a fourth. These shops were located in the West Country and in Watford and operated under the name "Silver Mine".
- b) Relay is a South Korean corporation which was founded in 2002. It trades in a relatively novel product: frozen yoghurt. By May 2007, Relay had over 200 stores selling RED MANGO frozen yoghurt in South Korea.
- c) Before Mr Ismail's first application to register RED MANGO in the UK, Relay had filed trade mark applications in the relevant classes for the RED MANGO logo (in which the words RED MANGO appear prominently) in Australia, India, Malaysia, New Zealand, Phillipines, Singapore, South Africa, Turkey, Taiwan, Thailand, United States, Vietnam and South Korea.
- d) Relay established a company in the United States in 2006 (the year before Mr Ismail's first UK application) called Red Mango, Inc. and first traded in that country through frozen yoghurt bars under the name RED MANGO on 20 July 2007 (the month after Mr Ismail's first UK application).
- e) There was some press coverage on US web sites before 20 July 2007 about RED MANGO frozen yoghurt and plans by Relay to open café bar establishments in the United States under that name. For example, Eater L. A. (an Internet site) ran a series of web based articles entitled 'The Yoghurt Wars' from around March 2007 about the expected competition between RED MANGO and the already established PINKBERRY brand of frozen yoghurt. The theme of these articles, which also mentioned Kiwiberri frozen yoghurt, was 'who copied who?' A journal called KoreAm (which appears to be aimed at Koreans living in the United States)

included a feature story in its April 2007 edition covering the frozen yoghurt market, which noted the similarity between the PINKBERRY and RED MANGO products, that PINKBERRY already had 15 locations in the United States, and that RED MANGO was due to open 10 in 2007. The same article noted that KIWIBERRI frozen yoghurt had been available from two locations in California since September 2006 and was the subject of litigation initiated by Pinkberry about what it regarded as the copying of its name. A similar story about the expected PINKBERRY/RED MANGO competition, and which also mentioned the litigation with Kiwiberri, appeared in an article on CNNMoney.com on 25 May 2007. Another similar article entitled 'Hello Red Mango...' appeared on a website called wordpress.com on 26 May 2007.

- f) In May 2007, Mr Ismail registered the domain name pinkberri.co.uk.
- g) Mr Ismail also registered the domain name kiwiberri.co.uk.
- h) Prior to making his first UK trade mark application for RED MANGO, Mr Ismail conducted trade mark searches using the IPO's public search facility and made "extensive searches of the internet". He found no UK trade mark registration for RED MANGO, but he did find Relay's Korean website, which apart from the odd word in English and the RED MANGO name, was in Korean.
- i) Around the time of his first application (whether it was before or after is disputed – see below), Mr Ismail telephoned the number he found on Relay's Korean website and after "considerable language difficulties" obtained the telephone number of Mr Jo, who was in the United States. He subsequently called Mr Jo and they had a conversation. The content of that conversation is disputed – see below.
- j) In March 2008, Mr Ismail's RED MANGO mark was registered in the UK.
- k) In April 2008, Mr Ismail registered further domain names, yogurberry.co.uk and yogurtberry.co.uk.
- l) By May 2008, Mr Ismail was in communication with a design and shop fitting company called Concourse about designs for a retail outlet in a shopping centre in Cheltenham.

## **Disputed Facts**

11. The following matters are in dispute.

- m) Mr Ismail says that he coined the name RED MANGO independently and had pre-existing plans to sell high quality ice cream under that mark. He says that his trade mark applications were related to these plans. Relay say that Mr Ismail's evidence of plans to sell ice cream are not real and that the true purpose of the UK trade mark applications was to hinder

Relay's entry into the UK market and lever a franchise or other consideration from Relay.

- n) Mr Ismail says that he had not seen anything on the Internet about Relay's proposed expansion into the United States. Relay say that Mr Ismail had seen press coverage of the kind described above before making his first application.
- o) Mr Ismail says that when he spoke to Mr Jo he was told that Relay had no plans for RED MANGO for the UK market and that he was not told about Relay's imminent expansion into the United States market. Mr Jo says that Mr Ismail indicated that he already knew about RED MANGO's expansion into the United States market and that he asked for a UK franchise. According to Mr Jo, he was told that Relay were only starting to explore the opportunity for international franchising and that he would be kept under consideration for future opportunities in the UK. Relay relies upon a more or less (depending on whose evidence is correct as to the date of the call) contemporaneous record of the telephone conversation with Mr Ismail that Mr Jo subsequently prepared and sent to Mr Choo on 31 July 2007.
- p) Mr Jo says that the disputed conversation took place in July 2007, after Mr Ismail had made his first UK application. Mr Ismail says that it took place in May 2007, the month before he made his UK application.
- q) Mr Ismail says that in 2008 he planned to open an ice cream parlour in the Beechwood Shopping Centre in Cheltenham, where his retail jewellery shop is located. According to Mr Ismail, the plans did not proceed because the landlord let the location to someone else. However, Mr Ismail points to drawings provided by Concourse, which he says show that he was planning to sell ice cream. Relay say that the plans are ambiguous and could also apply to frozen yoghurt, or that they were prepared to retrospectively justify Mr Ismail's earlier actions.

## Findings of Fact

12. The onus is on Relay to show that Mr Ismail's applications were made in bad faith. Which side bears the persuasive burden is not normally a significant factor in trade mark cases. This is because, as the Court of Appeal stated in *Stephens v. Cannon* [2005] EWCA Civ 222 (14 March 2005), a decision maker should not resort to the burden of proof for the purpose of determining issues in civil proceedings unless he or she cannot reasonably make a finding in relation to the disputed issue or issues on the basis of the available evidence, notwithstanding that he or she has striven to do so. However, where an allegation of bad faith is made the question of where the burden rests is potentially more significant. For as Mr Geoffrey Hobbs Q.C., sitting as the Appointed Person in the recent case of *Ian Adams Trade Mark*<sup>3</sup> observed, in this type of case:

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<sup>3</sup> BL O-094-11

“[the law] requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged”.

The persuasive burden is therefore on Relay. However, in assessing whether it has proven its case I must apply the normal civil standard of proof: the balance of probability.

13. Mr Ismail answered the questions put to him in a reasonable way and most (but not all) of the individual answers he provided seemed plausible. Nevertheless, there are certain aspects of his evidence which I do not find credible and other parts which I find to be inconsistent and which I cannot accept.

14. I start with the matter described at paragraph 11(m) above – the content of Mr Ismail’s conversation with Mr Jo. According to Mr Ismail, prior to filing his first trade mark application he conducted a trade mark search and made “extensive searches” of the Internet. As a result of the Internet research he came across the website redmango.kr. Mr Ismail says that the website was in Korean and apart from showing pictures of desserts, the name RED MANGO and a telephone number, the rest was in Korean. In fact there is evidence from Mr Caddy, Mr Ismail’s trade mark attorney, that a page (but not the home page) on the Korean company’s web site from November 2006 contained a reference to another English word – “franchising”<sup>4</sup>. Mr Ismail says that he called the number in Korea because he thought that there might be a “business opportunity” which complemented his own plans to sell high quality ice creams under the name RED MANGO. Mr Ismail says that the first person he spoke to did not speak English, but he persisted and spoke to a second person who spoke some English and gave him the telephone number of Mr Jo in the United States.

15. I note that at this point in time (whether that was in May or July 2007) that Mr Jo was the President of International Development of Red Mango, Inc., Relay’s subsidiary company in the United States. Mr Jo explains that in that capacity he had day to day involvement in the expansion of the Red Mango brand throughout the world by way of franchising or otherwise. That would be consistent with Mr Ismail’s enquiry to Korea being forwarded on to Mr Jo in the United States as an enquiry about a franchise or agency. That is even more likely to have been the case because Mr Ismail says that he did not reveal his own plans to sell ice cream under the RED MANGO mark in the UK.

16. I find it surprising that Mr Ismail made the call to the USA at all if Relay appeared to him to be no more than a business selling some non-specific kind of desserts under the name RED MANGO on the other side of the world. However, despite calling Mr Jo in the United States and despite Mr Jo’s particular role in the company, Mr Ismail claims that Mr Jo told him only that Red Mango was a brand of frozen yoghurt in South Korea and that his company could not supply Mr Ismail in the UK, and indeed had no interest in the UK market. It appears to me to be incredible that Mr Jo as President of International Development of Red Mango, Inc. in the United States would have failed to mention the Korean company’s international expansion

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<sup>4</sup> See exhibit VIC-3 to Mr Caddy’s witness statement.

plans at all when faced with an enquiry from someone who appeared to wish to sell Relay's products in the UK, particularly as the plans for the United States market were already the subject of public articles in the media.

17. According to Mr Jo, Mr Ismail asked about obtaining the UK franchise for RED MANGO and said that he was a viable candidate because he already had experience in retail store operations in the UK through his five jewellery stores. Mr Jo says that Mr Ismail claimed that he had connections with UK "mall landlords" through whom he could get prime retail locations for RED MANGO stores in the UK. This account is supported by a copy of an e-mail which Mr Jo sent (accidentally from his wife's e-mail account) to Mr Choo on 31 July 2007, setting out the possibilities for international expansion. According to the copy of the e-mail in evidence<sup>5</sup>, there was one "UK candidate" with 5 jewellery shops with whom an initial meeting had taken place. Mr Jo says that this was in fact a reference to the telephone conversation with Mr Ismail.

18. Mr Hill submitted that I should treat Mr Jo's evidence on this matter with some caution. This was because the e-mail evidence could not be seen in context and might, for example, have been in response to pressure from Mr Choo for indications about progress on international expansion. The e-mail may therefore have been partly an attempt to show Mr Choo that the proposed international expansion was going better than it actually was. Mr Hill also suggested that Mr Jo's evidence about the telephone conversation with Mr Ismail may have been reconstructed much later from the e-mail record and therefore similarly affected by exaggeration of the facts.

19. Mr Bryson complained that, having failed to request to cross examine Mr Jo (or Mr Choo), it was not open to Mr Hill to attack the credibility of his evidence. I broadly accept this. In fact, as is clear from the judgment of Mr Richard Arnold QC, (as he then was) as the Appointed Person in the *Extreme* case<sup>6</sup>, the critical point is not that Mr Jo was not called for cross examination, but that these criticisms of his evidence were not made at a time when Mr Jo could answer them in evidence (if he so wished). In these circumstances, I am not prepared to reduce the weight given to Mr Jo's evidence on the basis of Mr Hill's criticisms of Mr Jo's evidence, made for the first time at the hearing and without Mr Jo being asked to attend as a witness.

20. Mr Ismail's written evidence did take several other points in his reply to Mr Jo's. Mr Ismail drew attention to what he considered to be factual inaccuracies in Mr Jo's evidence: he (Mr Ismail) had 4 shops at the time, not 5; he did not have connections with UK mall landlords; the conversation with Mr Jo took place before and not after he filed his UK trade mark application in June 2007. None of these points undermine Mr Jo's evidence that Mr Ismail knew about RED MANGO's expansion plan for the United States when he spoke to him.

21. Mr Bryson also drew attention to:

- i) Mr Ismail's evidence that he conducted "extensive Internet searches" before making his first UK trade mark application;

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<sup>5</sup> See pages 28 and 29 of exhibit BKHJ1 to Mr Jo's affidavit.

<sup>6</sup> [2008] RPC 2.

- ii) The availability of Internet material, prior to June 2007, from which it could be seen that Relay intended to expand into the United States;
- iii) The proximity in time between Mr Ismail's "enthusiastic" interest in entering the frozen yoghurt market in the UK (May 2007) and his UK trade mark application for RED MANGO (June 2007).

I see the force in these points, but taken alone I do not think that they do more than raise a serious question as to whether Mr Ismail's UK application was made in the knowledge of what was happening in the United States. There is, however, also Mr Jo's evidence of the telephone conversation with Mr Ismail and further evidence which point strongly to that conclusion. Mr Ismail gave written evidence that:

"After my conversation with Mr Jo, I noticed more and more information about frozen yoghurt in the media and, for a while, I toyed with the idea of setting up a business to sell frozen yoghurt. It sounded like an interesting concept, although I did not know if there would be a market for it in the UK. This was separate from my plans for RED MANGO ice cream. Mr Jo had made it clear that it was not possible for me to sell his company's products in the UK and so, as a result, perhaps naively, I thought it might be possible to sell other people's frozen yoghurt. I noticed a new range of frozen yoghurts that were just being introduced in the US at the time, called "Pinkberry". This seemed like a lucky coincidence. I was just getting into this field and I was enthusiastic about it. The timing seemed providential. I thought that I had stumbled upon a new kind of product and was ahead of others in the UK. Although the people in Korea could not supply me, maybe Pinkberry could.

So, I quickly registered various domain names that contained variants on the name "Pinkberry" and similar names. I did this in order to quickly and cheaply reserve them. My idea was that Pink Berry might supply me with "Pinkberry" frozen yoghurt for the UK market. I registered these names in May 2007 and I registered a couple more in April 2008. I did not think there was anything wrong with this, as I knew that Pink Berry was a US based company and I did not think they wanted the names in the UK. My intention was to contact Pink Berry and ask if they wanted a UK agent."

22. According to Mr Jo's evidence<sup>7</sup>, Mr Ismail registered other domain names besides pinkberri.co.uk. He refers to the names kiwiberri.co.uk, kiwiberry.co.uk, yoghurtberry.co.uk and yoghurberry.co.uk. Mr Ismail says that he registered "a couple" of domain names in April 2008. Mr Jo's evidence shows that the two names registered in April 2008 were yoghurtberry.co.uk and yoghurberry.co.uk. Therefore the kiwiberri/kiwiberry domain names must have been registered in or around May 2007. Accordingly, these are the "similar names" mentioned in Mr Ismail's written evidence (shown above). I asked Mr Ismail about this whilst he was giving evidence at the hearing. The exchange went like this:

Q. You also registered another domain name called "Kiwiberry". Can I ask you why you registered that domain?

A. I thought it was in connection with the Pinkberry and I would use it in connection with the Pinkberry. I think that is what my thoughts were at the time, yes.

Q. You were not aware at that time there was another

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<sup>7</sup> See pages 55 and 56 of exhibit BKHJ1 to MR Jo's affidavit



company trading in LA in the name "Kiwiberri"?  
A. No, I would not be. No, I do not think so.

23. On the face of it, it seems quite incredible that a person registering the domain name pinkberri.co.uk in connection with a plan to obtain a UK agency for PINK BERRY frozen yoghurt would think it to be an advantage to also register the domain names kiwiberri.co.uk and kiwiberry.co.uk. Leaving aside the alternative spellings of 'berry' (which is irrelevant for the reason explained below), the names are not particularly visually or phonetically similar to Pinkberry. If the intention was to reserve additional domain names that could be used to exploit a UK agency for Pinkberry, one would have thought that many other domain names, e.g. 'pinkberries' or 'pinkyberry', would come to mind first, and that kiwiberri/kiwiberry would be a long way down anyone's list.

24. In this connection, I note that the articles from KoreAm and CNN.Money mentioned at paragraph 10(e) above<sup>8</sup> include reports that at the end of 2006 Pink Berry sued Kiwiberri in the United States for trade mark infringement. Thus it would have been obvious to anyone reading these articles that Pinkberry thought that Kiwiberri was a troublesomely similar name. In these circumstances, it is possible to see why the reservation of the kiwiberri/kiwiberry domain names in the UK could have been seen as helpful to someone who thought that registering 'pinkberri' itself would assist with obtaining a UK agency for Pinkberry frozen yoghurt. The registration of these names therefore leads me to believe that Mr Ismail must have seen the above named articles about the emerging frozen yoghurt market in the United States, or others like them, prior to the date of his UK trade mark application. And as the media articles on this subject also tended to cover RED MANGO's imminent entry into the emerging frozen yoghurt market in the United States, the likelihood is that Mr Ismail had seen articles about that too.

25. Taking all the relevant facts into account, I find that Mr Ismail was aware of Relay's imminent entry in the frozen yoghurt market in the United States when he made his first UK application to register RED MANGO.

26. Was this what motivated Mr Ismail to make his UK trade mark application on 14 June 2007? Mr Ismail accepts that he was enthusiastic about entering the frozen yoghurt market around this time and had registered pinkberri.co.uk as a domain name with the intention of approaching the American company to see if they wanted a UK agent. In answer to a question that I put to him at the hearing, Mr Ismail said that the mis-spelling of Pinkberry was accidental. He meant to register the exact same name used in the United States. Mr Ismail says that "Mr Jo had made it clear that it was not possible for me to sell his company's products in the UK and so, as a result, perhaps naively, I thought it might be possible to sell other people's frozen yoghurt". Mr Jo could only have ruled out the possibility of Mr Ismail selling Relay's products in UK if Mr Ismail had raised such a possibility to begin with. So there is no real dispute that Mr Ismail sought to sell Relay's frozen yoghurt in the UK.

27. However, Mr Ismail says that he had undisclosed pre-existing plans to use RED MANGO for ice cream and that he had excluded the possibility of selling frozen

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<sup>8</sup> Copies of these articles make up pages 38-43 of exhibit BKHJ1 to Mr Jo's affidavit.

yoghurt under that name by the time he made his first UK trade mark application. Accordingly, at that time (3-4 weeks after the conversation with Mr Jo on Mr Ismail's evidence) his interest in entering the frozen yoghurt market had become a separate matter.

28. In support of this point, Mr Hill drew my attention to the fact that neither of Mr Ismail's trade mark applications listed yoghurt amongst the goods or services. In fact, Mr Ismail's evidence is that when making his first application he simply took the Nice class headings for the classes that contained the goods of interest to him. So the absence of any express reference to yoghurt is neither here nor there. The later application does cover "ice cream parlour services", but that was filed after the first application was attacked as having been made in bad faith, so I cannot attach much weight to the inclusion of this term in the later application.

29. In assessing the true purpose of Mr Ismail's first application, the relevant factors are therefore:

- i) The truth of what Mr Ismail was told by Mr Jo about Relay's plans (or the absence of them) for the UK market;
- ii) The relevance of Mr Ismail's admission that he registered pinkberri.co.uk and other domain names with an intention to become the UK agent;
- iii) The plausibility of Mr Ismail's evidence that he had separate plans for RED MANGO ice cream.

30. Given that Mr Jo was Head of International Development of Red Mango, Inc., and that Relay had plans for international expansion (as shown by its trade mark applications in many countries) it seems inherently unlikely that he would rule out Relay entering the UK market, as Mr Ismail claims. This would be consistent with the content of Mr Jo's e-mail to Mr Choo on 31 July 2007, which included the UK amongst the list of candidates for expansion. However, I note that, in contrast to many other places, Relay had not by this time made an application to register RED MANGO as a trade mark in the UK or in the EU. This seems to indicate that the UK was not high up in Relay's international expansion plans. This would be consistent with Mr Jo's evidence, which is that Mr Ismail was told, essentially, "not at the moment, maybe later". I accept Mr Jo's evidence on this point. However, it does not necessarily follow that this was understood as such by Mr Ismail. Taken in isolation, I would have been inclined to accept his evidence that he understood the answer as just 'no'. However, there is other evidence which leads me to believe that Mr Ismail understood what Mr Jo had said.

31. Firstly, there is the proximity in time between the date of this conversation and the filing of Mr Ismail's trade mark application (the following month according to Mr Ismail) despite the fact that Mr Ismail claims to have had a plan to sell ice cream under the mark since "late 2006", over six months earlier. Secondly, I was not convinced by Mr Ismail's explanation that his registration of pinkberri.co.uk was not another example of him trying to register a name in the hope of using it to obtain a UK franchise from the overseas owner.

32. According to Mr Ismail, the registration of this domain name could not be compared with his registration of RED MANGO as a trade mark because trade marks are proprietary rights whereas domain names are not. This is true, but most people would not think that this distinction means that it is OK to register a domain name corresponding to an overseas trade mark in your own name so as to encourage the business concerned to grant you a UK agency. In his written evidence, Mr Ismail justified himself like this:

“I did not think that there was anything wrong with this, as I knew that Pink Berry was a US based company and I did not think they wanted the names in the UK. My intention was to contact Pink Berry and ask if they wanted a UK agent”.

33. This might be thought to mean that the domain name registration was speculative and that Mr Ismail did not know whether or not Pinkberry was interested in the UK market. However, it emerged during cross examination that Mr Ismail had conducted a trade mark search and found that PINKBERRY had already been applied for as a trade mark in the UK. Mr Ismail said that this told him that Pinkberry was interested in the UK market. Mr Ismail therefore knew this when he registered the UK domain name. He denied that the American company's pre-existing UK trade mark application caused him to register Pinkberry as a domain name instead. Whether that is right or not, I find it hard to reconcile Mr Ismail's evidence that he did not think that Pinkberry wanted the UK domain name with his evidence that he thought that they were interested in entering the UK market. If they were interested in entering the UK market, how could they have been uninterested in the use and ownership of the domain name pinkberri.co.uk? On the contrary, Mr Ismail's application to register that domain name, and others similar to it (in Pinkberry's view), in his own name, indicates that he fully appreciated this and thought that these registrations would therefore be to his advantage. I therefore regard this as being a relevant factor in assessing Mr Ismail's likely intentions when, around the same time, he registered RED MANGO as a trade mark.

34. I asked Mr Ismail whether he had subsequently approached Pinkberry for a franchise. He said he had not. However, he registered further domain names obviously connected to a prospective trade in yoghurt products in April 2008. And according to Mr Ismail, he continued to be interested in entering the frozen yoghurt market until “the summer and autumn of 2008” when the economic downturn made him abandon his plans.

35. Mr Ismail says that at all material times he had his own separate plans for an ice cream business under the RED MANGO name. His written evidence on this point is as follows.

“In late 2006, I had the idea of launching a brand of ice cream. I am very fond of ice cream and, in my travels overseas to source jewellery (of which I do a great deal), I often come across local brands. I came across one particularly fantastic brand of ice cream in Cyprus called "Budak", which was local to the island. According to my mother and father, this was the best ice cream in Cyprus during their youth there, and I was delighted when I found that it was still available. The current manufacturer of this ice cream is a man called Mehmet, and he agreed to show me around his workshop. I discussed with him how he managed to make his ice cream taste so

good and whether I could invest in developing his business, maybe opening up a proper factory to manufacture it on a larger scale, and selling it in the UK.

My idea was to sell the ice cream through ice cream parlours, such as the kind one often finds in shopping malls. I asked the staff of my jewellery shop in the Harlequin Centre shopping mall in Watford to look out for suitable shop space for a kiosk-style ice cream parlour there, whilst I looked into the availability of suitable space in the Beechwood Centre shopping mall in Cheltenham, where I am based.

I needed a name for my ice cream because I did not think "Budak" was a good name to use in the UK, and the name I came up with was RED MANGO. My inspiration for this was a BLUE MANGO Asian/Indian restaurant that I had first visited in Birmingham in late 2004 when I was looking into the possibility of opening a jewellery shop there. There is now produced and shown to me marked Exhibit "TI-1" correspondence with chartered surveyors, Downing Bentley, who were representing me at the time."<sup>9</sup>

36. According to Mr Ismail, the Blue Mango restaurant made a favourable impression on him and the name stuck in his mind. He thought of it when coming up with a name for his prospective ice cream business in 2006. However, his favourite colour is red, so he adopted Red Mango instead. After checking that there was no relevant trade mark, he filed his application in June 2007.

37. The explanation for the choice of name seems strange to me: if Mr Ismail liked the name Blue Mango so much as to want to use it himself two years later, why change it to something else? Nevertheless, the explanation is not implausible to the point that it is incredible.

38. I find other aspects of Mr Ismail's account of his plans for an ice cream business unconvincing. His written evidence gives the impression that he had quite specific plans to sell ice cream of the kind that he knew and liked in Cyprus.

39. Mr Ismail started off with a similar position in cross examination. The first exchanges on the point went like this.

Q. What you were interested in was a very particular ice cream like the Budak ice cream. Is that right?

A. Yes.

Q. What was it? Was it the taste of the ice cream that attracted you?

A. Yes, if I can explain. Since I was a small kid I used to come and go to Cyprus and I used to always remember the ice cream in Cyprus to be much better tasting than the ice cream we find over here. The strawberries we have in Cyprus taste like proper strawberries, not like the ones you find in the supermarket. When you make ice cream from that it tastes particularly good. When my parents also told me about

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<sup>9</sup> Exhibit TL 1 is an e-mail exchange in October 2004 between Downing Bentley and someone called Ian Hughes about the rental of a kiosk in the Bullring link, Birmingham. It appears from this that a bid from Mr Ismail's jewellery company to rent a kiosk had been rejected in favour of a bid from another party.

this Budak range, it was the best in Cyprus, I remember tasting ice cream in Cyprus when I was 9 years-old/ 12 years-old -- those kind of ages. I remember how nice it was. To be told this one was the best out of all of them made me interested in it, yes.

**40. As the exchanges continued, however, it seemed that Mr Ismail had not entirely settled on the Budak Cypriot ice cream. The discussion continued like this.**

Q. Thank you. You were not looking to sell other types of ice cream. You wanted the one with this taste. Is that right?

A. No, I wanted to sell ice cream. I cannot say at that particular stage it had to be this particular taste, but a good-tasting ice cream, which we have in Cyprus ----

Q. Something like that taste?

A. Yes, if I could tell you like this, the gelato ice cream that you find in the UK, in other countries, it all tastes very, very similar. So this is a different tasting ice cream to the gelato ice cream that we are familiar with in the UK in that sense. It tastes better as well. This is now the point. So on that basis it was of interest to me, yes.

**41. By the conclusion of these exchanges it appeared that Mr Ismail was not settled on selling Cypriot ice cream at all, and may have been interested in marketing any nice tasting ice cream. Mr Ismail was asked about what he had seen on Relay's Korean web site. These exchanges followed.**

A. I think there were pictures of sort of ice cream, but there was also some other kind of other stuff with it which was a bit confusing.

Q. It was not entirely clear what it was.

A. Yes, exactly. Those are the words I am looking for, yes.

Q. In the fourth line on page 7 of your statement there you say: "Nevertheless, I thought it might be a complementary business to my own planned business, so I tried to make contact to see if there might be any business opportunities".

A. Yes.

Q. That cannot be right, can it, Mr. Ismail? An untried exotic dessert from Korea could not possibly offer complementary business plans for your Cyprus ice cream, could it?

A. If it was an ice cream and if it was a particularly nice ice cream, it could have. But I think there was enough there for me to make the enquiry. I am not saying specifically that it was in concrete that I would have done business with the Relay company in South Korea. But it was worth the telephone call. It was worth to find

out exactly what they were doing.

42. Mr Ismail runs a jewellery business. He is not a manufacturer of ice cream. There is no documentary evidence of preparations to obtain supplies of ice cream products. Mr Ismail says that he spoke to a "Mehmet" in Cyprus about the possibility of investing in the Cypriot business making Budak ice cream and/or opening a manufacturing facility for Budak ice cream in the UK, but he does not say that any such arrangements were agreed. If they had, Mr Ismail had every reason to say so. I therefore infer that no such arrangements existed in June 2007 or at all.

43. Mr Ismail's evidence is that after his mark was registered in March 2008 he had plans drawn up for an ice cream kiosk and for an ice cream parlour. Mr Ismail's written evidence on this point is as follows:

"Once it was registered, I felt able to start using the mark. There was a suitable shop space in the Beechwood Shopping Centre in Cheltenham, where my Cheltenham shop is located, and so I got a design and shop-fitting company, called Concourse, to help me put my plans into action. This was in April 2008. Concourse designed for me:

A brand, a true copy of which is now produced and shown to me marked Exhibit "TI-6"; and

A point-of-sale kiosk, a true copy of which is now produced and shown to me marked Exhibit "TI-7"; and

An ice cream parlour, a true copy of which is now produced and shown to me marked Exhibit "TI-8".

As can be seen, the brand that Concourse designed for me is obviously a brand for use with ice cream, and the drawings of the parlour layout have labels on them that refer to an "ice cream chiller". Furthermore, there is now produced and shown to me marked Exhibit "TI-9" correspondence with my marketing and design consultant, who prepared these designs for me, and this makes reference to the name RED MANGO and to ice cream. Therefore, this shows that my consultant's understanding of my instructions to him was that the product in which I was interested was ice cream.

My plans were delayed because the landlord of the Beechwood Shopping Centre let the shop to someone else who agreed a longer term deal on a higher rate."

44. The drawings for the ice cream parlour (but not the plans for the kiosk) make specific reference to space for an ice cream machine. It is not clear why plans were required for both a kiosk and a parlour when Mr Ismail had a specific shop space in mind, and it is clear from the drawings that the kiosk and the parlour would not have fitted into the same kind of space (the former is a design for a central concourse position, whereas the latter is for a position on the side of a concourse). Further, although Mr Ismail has been able to produce documentary evidence of his bid to rent a kiosk in Birmingham in 2004 in connection with his jewellery business, there is no similar evidence of the bid he claims to have made in 2008 in connection with an ice cream kiosk/parlour. If the design plans are real, they indicate that Mr Ismail was at that time intending to make his own ice cream, possibly from a pre-made ice cream mix. However, given Mr Ismail's shifting position about his intentions to sell Budak

ice cream/Cypriot style ice cream/any nice tasting ice cream, and at one time frozen yoghurt, under the RED MANGO mark, these plans really say nothing about what was in his mind in June 2007 when the first UK trade mark application was filed. On the basis of the evidence as a whole, I find that Mr Ismail could have had no more than the vaguest of ideas about starting an ice cream business in June 2007 and this was not the real purpose of his first trade mark application.

45. The evidence indicates that it is likely that Mr Ismail's first application to register RED MANGO was made so as to ensure that if and when Relay was ready to enter the UK market with their frozen yoghurt, they would have to deal with him. I do not think that this conclusion is undermined by the fact that Mr Ismail did not approach Relay a second time for a franchise. After all, he accepts that as soon as he had the idea that Pinkberry might supply him with frozen yoghurt he "quickly" registered pinkberri.co.uk with a view to becoming Pinkberry's UK agent, but according to Mr Ismail, he never approached them at all.

46. During cross examination Mr Bryson showed Mr Ismail a letter sent by his trade mark attorney to Relay's representatives. It stated that Mr Ismail's application was made before his conversation with Mr Jo and not after. Mr Ismail answered that his attorney must have misunderstood what he had told him. Whether a trade mark was registered for the purpose of leveraging a franchise or other consideration from an overseas user does not depend on whether the overseas holder was approached before or after the trade mark was applied for. As it makes no difference to my findings, I am content to leave this point open.

47. The second UK trade mark application was made much later in August 2009, well after Mr Ismail had design plans drawn up for an ice cream parlour/kiosk. Unlike the first application (which covered goods), this application covered services for providing food and drink. On the face of it, the design plans drawn up a year or so earlier are good evidence that the second application reflected a *bona fide* business intention. Mr Ismail says that the timing of the creation of these plans was connected with the registration of his mark for goods in March 2008. This would be quite normal. Equally, I note that the plans in question were drawn up in the period after Relay's Community trade mark (CTM) application for RED MANGO was published for opposition on 14 April 2008, but before Mr Ismail opposed that application on 10 July 2008 on the basis of his earlier UK application. Consequently, the existence of these plans could also have been motivated by a desire to confer legitimacy on the earlier UK application, which was shortly to be used as the basis for the opposition to Relay's CTM.

48. Mr Jo gives evidence that in telephone discussions with an investigative agent in 2009, Mr Ismail indicated that he intended to open "stores with food orientated product, yes. You know, healthy foods". The inference is that this was a reference to frozen yoghurt. Mr Ismail says that he thought it strange at the time that the person he spoke to knew of his trade mark (given that he had not used it) and that he told her he had plans to open a store selling ice cream. I do not find this evidence of any assistance. Mr Jo's evidence is hearsay and he does not even say who the investigator was, let alone produce any contemporaneous record of the conversation. On the other hand, Mr Ismail was clearly aware that there was something fishy about the call, and I have already found that his evidence is not

reliable in certain other respects. Consequently, I attach no significance, either way, to the conflicting evidence about this conversation.

49. If it had not been for the background to the first application, I would have had no hesitation in rejecting the attack on the purpose of the second application. However, in the circumstances as I have found them to be, I find that it is more likely that the second application was made to further the purpose of the first application than that Mr Ismail adopted the first application to lever a franchise or other consideration from Relay, but then decided to enter the market providing drinks and food services (including ice cream parlour services) under the RED MANGO mark by the time he made his second application.

## The Law

50. It is not bad faith to register a trade mark in the UK simply because it belongs to someone else in another territory. However, an application is made in bad faith where the purpose of registering the trade mark in the UK is to obtain an unfair benefit from a third party. As Arnold J. stated in *Hotel Cipriani Srl v Cipriani Grosvenor St Ltd*<sup>10</sup>:

“It is clear that an application can be made in bad faith vis-à-vis a third party in circumstances where the third party cannot maintain a relative ground of objection to the registration of the Community trade mark under Arts.8 and 52. Generally speaking, bad faith in such a case will involve some breach of a legal or moral obligation on part of the applicant towards the third party. The classic instance of this is where the applicant has been in discussions with a foreign manufacturer about distributing the latter’s goods in the Community, and then applies to register the trade mark under which the goods are marketed in the country of origin and under which the manufacturer proposes to market them in the Community. It is not necessary, however, for there to have been contractual or pre-contractual relations between the parties in order for an application to be made in bad faith. Thus bad faith may exist where the applicant has sought or obtained registration of a trade mark for use as an instrument of extortion, as in the *Melly* case.”

51. The judge’s reference to the breach of a moral obligation reflects earlier case law about the scope of the bad faith ground. In *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd*<sup>11</sup>, Lindsay J. held that:

“Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.”

## Conclusion

52. Applying the law to the facts as I have found them to be, I find that both of Mr Ismail’s trade mark applications were made in bad faith. Mr Ismail knew of Relay’s use of the RED MANGO mark in the United States and he had reason to believe that Relay would be likely to wish to enter the UK market at some point in the future. He had pre-contractual communications with Relay about this, via Mr Jo. His real

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<sup>10</sup> [2009] RPC 9

<sup>11</sup> [1999] RPC 367



purpose in reserving the RED MANGO trade mark was to oblige Relay to deal with his trade mark registration when it came to enter the UK market. His second application was intended to consolidate this position. Through these applications Mr Ismail sought to gain an unfair benefit from Relay in the form of a franchise or other consideration. This behaviour fell short of the standard of commercial behaviour observed by reasonable men in trade.

53. In principle, an application can be made partly in good faith and partly in bad faith. Consequently, it is possible to refuse or cancel a registration for some goods and services, but not for others. However, if I have established the facts correctly, it seems to me that all the goods and services listed in the opposed application and the challenged registration were listed for the same purpose: to gain an unfair benefit from Relay. In these circumstances, I direct that application No.2524102 be refused in total, and that registration No. 2458518 be declared invalid for all the goods covered by it.

### **Costs**

54. The parties asked for sight of my decision before making submissions on costs, to which I agreed. I will allow 28 days from the date below for submissions on costs. I will then issue a further decision covering that matter.

**Dated this 29 Day of July 2011**

**Allan James  
For the Registrar**