

O-140-17

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK NUMBERS 3,090,782

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF OLIVER MORRIS
(O/460/16) DATED 30TH SEPTEMBER 2016

DECISION

Introduction

1. This is an appeal from the decision of Mr Oliver Morris, for the Registrar, dated 30 September 2016, in which he declared invalid the trade mark GRILL'O EXPRESS, which has the number 3,090,782, and is owned by Grill'O Xpress Ltd. Grill'O Xpress appeals.
2. The application for a declaration of invalidity was based on four trade marks. Three of these marks were for GRILLER (two of them with a device) (Nos 2,628,714; No 2,326,754; International No 1,096,292) and one was for the word mark GRILLER GRILLO (No 3,056,361). The Hearing Officer found that section 5(2) did not obtain in relation to the three GRILLER marks, but that it did in relation to GRILLER GRILLO. He also found that the Appellant's application was made in bad faith. The appeal was therefore confined to the Hearing Officer's decision in relation to GRILLER GRILLO and his finding in relation to bad faith.
3. The mark GRILL'O XPRESS was filed on 25 January 2015 and granted on 17 April 2015. It is registered in Class 43 for:
'Restaurant services fast food restaurant services'
4. The mark used as the basis for the declaration of invalidity was GRILLER GRILLO. It was filed on 20 May 2014 and granted on 5 September 2014 in Class 43 for:

Class 43: Services for providing food and drink; eat-in or take-away restaurants; online services for eat-in or take-away restaurants; fast-food restaurant services; quick-service restaurant services; food and drink preparation services; providing prepared meals; providing drinks; preparation of foodstuffs or meals for consumption on or off the premises; food and drink takeaway services; booking/reservation services for restaurants; self-service restaurants; cafés, cafeterias, canteens, snack bars; catering services; restaurant services; bar services

Approach to appeal

5. The principles applicable on appeal from the registrar were summarised in *TT Education Ltd v Pie Corbett Consultancy* (O/17/17) by Daniel Alexander QC sitting as the Appointed Person. After reviewing the authorities (in particular: *REEF* [2002])

EWCA Civ 763; *EI Du Pont De Nemours & Company v S.T. Dupont* [2003] EWCA Civ 1368; *BUD Trade Mark* [2002] EWCA Civ 1534; *Fine & Country Ltd v Okotoks Ltd* [2013] EWCA Civ 672; *Re: B (a child)* [2013] UKSC 33; and *Henderson v. Foxworth Investments* [2014] UKSC 41), he summarised the position at paragraph 52:

52. Drawing these threads together, so far as relevant for the present case, the principles can therefore be summarized as follows.

- (i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).
- (ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar’s determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).
- (iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B and others*).
- (iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country and others*).
- (v) Situations where the Registrar’s decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be “clearly” or “plainly” wrong to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar’s decision was wrong, should the appeal be allowed (*Re: B*).
- (vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*).

Bearing in mind the repeated reminders that different points are likely to be particularly relevant in other cases, this is not intended to be a summary of universal application for other cases where particular aspects of the approach may require different emphasis

6. In paragraph (i) of the summary there are three things to note. First, in relation to any appellant’s notice issued after 3 October 2016 the relevant provision of CPR 52 has changed – what was CPR 52.11 is now CPR 52.21. Secondly, I am not sure why the Patents Act 1977 is set out in support of the second proposition; although I am confident the proposition is correct with or without that support. Thirdly, the CPR does not directly apply to hearings at the registry or before the Appointed Person (see *Rhone-*

Poulenc Rorer International Holdings v Yeda Research and Development [2006] EWHC 160 (Ch), paragraphs 43-44). However, it is equally clear that the test for when an appeal should be allowed under (what is now) CPR 52.21 is that applied by the Appointed Person. Indeed, as any appeal from the registrar to the High Court would have to apply that standard it would be absurd if an appeal to the Appointed Person applied something different.

7. I will apply those principles.

Uncontested findings

8. The Hearing Officer found that the services provided were identical (Decision, paragraph 23). While Mr Malik repeatedly contended that the Appellant uses different spices and different recipes from those used by the Respondent, this is immaterial to the comparison of services for trade mark purposes. The services are clearly identical for the purpose of section 5(2) of the Trade Marks Act 1994.
9. The average consumer, according to the Hearing Officer, was a member of the general public who would exercise no more than an average degree of consideration, which would be lower for take-aways than the norm (Decision, paragraph 25). It did not appear that either party suggested I should take a different view on appeal.
10. The Hearing Officer concluded that GRILLER GRILLO and GRILLO per se had an average level of inherent distinctive character (Decision, paragraph 33). This position was not improved through use (see Decision, paragraphs 34 and 35). Neither party challenged these findings.

Independent distinctive role

11. The key finding by the Hearing Officer was that GRILLO played an independent distinctive role in the mark GRILLER GRILLO. The Hearing Officers set out the standard summary of the principles applied under section 5(2) in paragraph 22 of his Decision, which included sub-paragraph (f) dealing with this aspect of the law:
 - (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark
12. The reasoning behind his finding is set out in paragraph 29:

...The earlier Griller Grillo mark has two components. The words do not hang together as a unit, instead, each element plays an independent distinctive role. As I will come on to say, GRILLER has less inherent distinctiveness than GRILLO, but in terms of the overall impression on the average consumer, both elements make a roughly equal contribution. The applied for mark also comprises two elements GRILL'O and XPRESS. Again, a roughly equal contribution will be made to the overall impression, although, again as I will say later, the word XPRESS has less inherent distinctiveness than GRILL'O.
13. The principle that an element of a component mark which has an independent distinctive role can be used as the basis of comparison originates with *C-120/04 Medion AG v Thomson Sales Germany & Austria GmbH* [2005] ECR I-8551. However, as the

Advocate-General said in *C-591/12 Bimbo v OHIM* (ECLI:EU:C:2014:34) at paragraph 22:

The synopsis of the case-law...shows that there is some difficulty in defining the actual scope of *Medion* and in fleshing out the concept of ‘an independent distinctive role’...

14. Nevertheless, in *Aveda Corporation v Dabur India Ltd* [2013] EWHC 589 (Ch), paragraphs 19 to 38, Arnold J summarised the relevant case law at that time. He provided a further analysis of the position as it had developed in *Whyte and MacKay Ltd v Origin Wine UK Ltd & Anor* [2015] EWHC 1271 (Ch) at paragraphs 17 to 21. After the hearing in this matter, Mann J handed down judgment in *SoulCycle v Matalan* [2017] EWHC 496(Ch). It does not appear that Mann J identified any additional principles to those set out by Arnold J.
15. In summary, the case law developed from *Medion* permits the use of element Y in the composite mark X+Y as the basis of the comparison with the later mark where Y (the ‘secondary mark’) plays an independent distinctive role because X is a ‘house mark’. Where such a comparison is undertaken, it is still necessary to assess whether there would be a likelihood of confusion in the marketplace and, in making such a comparison, it is acknowledged that the less distinctive mark Y is, then the less likely consumers will be to consider the two marks to be linked.
16. How this works in practice is aptly described by Arnold J in paragraph 48 of *Aveda* (where DABUR was the house mark and UVEDA the secondary mark):

...I think there can be little doubt that the average consumer who was familiar with AVEDA beauty products would be likely to be confused by the use of DABUR AVEDA in relation to identical goods. In particular, there would be a strong likelihood that the average consumer would think that it indicated some connection between DABUR and AVEDA. In my judgment it makes little difference that the second word in the composite mark is UVEDA rather than AVEDA. As the hearing officer rightly accepted, UVEDA is both visually and aurally very close to AVEDA. The human eye has a well-known tendency to see what it expects to see and the human ear to hear what it expects to hear. Thus it is likely that some consumers would misread or mishear UVEDA as AVEDA....
17. Once the correct principles have been considered, whether a mark has an independent distinctive role is a question of fact. The Hearing Officer came to this conclusion with two findings in paragraph 29: (i) there are “two components”; and (ii) the words do not hang together as a unit.
18. While it is abundantly clear from the case law that where the house mark and the secondary mark form a logical unit, neither component can have an independent distinctive role, I do not think that the opposite is true. In other words, just because two words do not hang together does not mean that one or both elements *automatically* have an independent distinctive role.
19. While the Hearing Officer’s reasons for finding that the two components have an independent distinctive role may be said to be brief, particularly where such a finding is contrary to the general approach requiring a global appreciation, an appellate tribunal cannot expect the tribunal below to refer to all the points that influenced its decision: see *PMS International v Magmatic* [2016] UKSC 12 at paragraph 39. Furthermore, as Lord Hoffmann stated in *Piglowska v Piglowski* [1999] 1 WLR 1360 at 1372:

reasons should be read on the assumption that, unless he has demonstrated the contrary, the judge knew how he should perform his functions and which matters he should take into account.

20. There is nothing to suggest that the Hearing Officer proceeded on the basis that because the marks did not hang together this automatically led to the GRILLO component having an independent distinctive role; or that he otherwise did not properly consider the matter. Indeed, everything points in the other direction, namely that he considered and applied the correct principles. Therefore, the finding is one that the Hearing Officer was entitled to reach and there is no basis from departing from it on appeal.

Likelihood of confusion

21. The Appellant's main submission was essentially that there could be no confusion between GRILL'O XPRESS and GRILLER GRILLO. The basis of why the Hearing Officer's decision was wrong was somewhat confused as may be expected from a litigant in person, but the gist of the submission was that the differences were too great for there to be confusion.
22. The Hearing Officer set out his reasons for why there was a likelihood of confusion in paragraph 39:

I next consider whether there is a likelihood of confusion with the applicant's Griller Grillo mark. I again consider that the marks are not likely to be directly confused when considered in totality. However, in terms of indirect confusion, I consider that the average consumer, whilst not disregarding the XPRESS element from the proprietor's mark, will nevertheless appreciate that GRILL'O is the more memorable aspect particularly given that XPRESS will be seen as more of a descriptive (albeit misspelt) element. That more memorable aspect is highly similar to a part of the earlier mark that i) plays an independent distinctive role and ii) has a roughly equal weight in the overall impression of the earlier mark, and iii) is at least averagely distinctive. The combined effect of all this, and whilst bearing in mind that the average consumer will be encountering the marks in totality, is that the common presence of GRILL'O/Grillo will signify to the average consumer that the undertakings responsible for the identical services in question are either the same or are related. This gives rise to a likelihood of indirect confusion and, therefore, the application for invalidation succeeds.

23. It can be seen that the likelihood of confusion was found by the Hearing Officer to be based on so called indirect confusion; that is, where the average consumer recognises a difference between the marks, but assumes, based on the common elements, that the later mark is another brand of the earlier mark (see *L.A. Sugar Limited v By Back Beat Inc* (O/375/10), paragraphs 16 and 17).
24. The Hearing Officer found that the average consumer will give little weight to the XPRESS element of GRILL'O XPRESS as it is more of a descriptive element; although, importantly, he concluded that the element would not be entirely disregarded. The finding that GRILL'O was the more memorable aspect naturally follows. He then went on to find that if the memorable element GRILL'O is compared to the independently distinctive element GRILLO in the earlier mark the similarity is very close and would clearly lead to a view the two marks are related.
25. The Hearing Officer's decision involves a more complex mental process for the consumer than is usually the case where the comparison is based on an independently

distinctive element, in that the consumer first needs to consider GRILLO to be a sub-brand of GRILLER (so that it is an independent distinctive element) and then to believe GRILL'O XPRESS to be a sub-brand of GRILLER GRILLO (and a sub-sub brand of GRILLER). The more mental steps the average consumer needs to take before they could legitimately conclude there is an economic connection, the less likely it is that such a connection would be made. In this case, the Hearing Officer found that the mental process was such that a connection would be likely. Therefore, the Hearing Officer was entitled to find that there would be indirect confusion between the two marks and there is no reason to depart from this finding on appeal.

Bad faith

26. The Hearing Officer also found that the application by the Appellant was made in bad faith contrary to section 3(6) of the 1994 Act. He began by setting out the summary of the principles identified by Arnold J in *Red Bull GmbH v Sun Mark Ltd & Anr* [2012] EWHC 1929(Ch) at paragraphs 130 to 138. The Hearing Officer then set out his finding in paragraph 44:

The proprietor would clearly have known of the applicant's use of GRILLER. But, as I have found that this mark would not cause confusion with the proprietor's mark, there can be no bad faith on that basis. However, it seems likely that the proprietor would also have known of the use of GRILLO on the proprietor's menus etc since 2013 (when Mr Malik was a franchisee or de facto franchisee) and, so, the application, after the parties had fallen out, for a trade mark which features as its main distinctive element the word GRILL'O would be regarded as an act of bad faith. It is also noteworthy that another company of which Mr Malik was associated previously applied for GRILLER XPRESS which demonstrates the disregard that was taken to the applicant's used names. The objection under section 3(6) also succeeds.

27. The finding of bad faith was based on Mr Malik of the Appellant company previously being a franchisee or de facto franchisee of the Respondent. Mr Malik's case on appeal was simply that he did not know that the GRILLER GRILLO mark was used by the Respondent. He even suggested at times that the use of this mark began after all connections between the parties was severed.
28. As the Hearing Officer identified, the evidence provided by the Respondent included menus he had provided to Mr Malik using the mark GRILLER GRILLO to be used when his take away was branded as GRILLER. These menus included the address and contact details for Mr Malik's take away (whether he was a franchisee or not).
29. Mr Ghias also indicated in his witness statement that GRILLER GRILLO appeared on menu boards from 2014. He also pointed to a photograph of Mr Malik's take away when it was branded GRILLER. He suggested that the menu boards above the counter included the GRILLER GRILLO range and mark. The photographs were not clear enough to see those menu boards, but I consider it is unlikely that the menu would not be on the boards behind the counter if they are on the menu.
30. It is clear, therefore, that the Hearing Officer was right when he found that Mr Malik was aware of the GRILLER GRILLO mark when he applied for registration. It is also apparent that Mr Malik had previously applied to register the trade mark GRILLER

XPRESS. Mr Malik stated in his submission before me that between that application and the disputed registration he made a third application for GRILL ZONE. There was no evidence led in relation to this application and so I will not comment on it further.

31. It is clear that Mr Malik's intention in registering GRILL'O XPRESS was to maintain some form of link with the previous branding to provide some continuity for his take away. This was something he was not entitled to do and he should have known it. At the very least, he knew he was sailing very close to the wind. This clearly falls below the standard of acceptable commercial behaviour and so the Hearing Officer was entitled to conclude the application was made in bad faith and should be declared invalid based on section 3(6).
32. Accordingly, the appeal is dismissed and the decision of the Hearing Officer is upheld. I order the Appellant to pay £1,000 to the Respondent towards the costs of this appeal within 21 days of the date of this decision.

PHILLIP JOHNSON
THE APPOINTED PERSON
20 March 2017