

O-008-18

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3166097
IN RESPECT OF THE FOLLOWING TRADE MARK IN CLASS 43:**

Alkis kebab

IN THE NAME OF ISMAIL DOGAN

AND

OPPOSITION THERETO (NO. 407439) BY KEMAL YILMAZ

Background and pleadings

1. These proceedings concern a dispute as to whether the trade mark **Alkis kebab**, filed by Mr Ismail Dogan on 23 May 2016, should be registered as a trade mark for “Restaurants’ take-away fast food services” in class 43.

2. The person opposing the registration of Mr Dogan’s application is Mr Kemal Yilmaz. He relies on section 5(4)(a) of the Trade Marks Act 1994 (“the Act”), a claim which is based on the law of passing-off. The issues between the parties are unusual. However, from a factual perspective, much of the story is common ground, or at least there are certain facts that have not been disputed. In view of this, it is useful to set out some of the context upfront:

- Both Mr Yilmaz and Mr Dogan have, at different times, run a business called Alkis Kebabs from the same property in London (3 Sunnyside Terrace).
- Mr Dogan owns the freehold to the property.
- Mr Dogan ran Alkis Kebab between 1992 and 2000.
- In 2000 the property was leased by Mr Dogan to Mr Yilmaz.
- Mr Yilmaz then ran the business between 2000 and 2016 (at least up to the filing date).
- In April 2016 Mr Dogan served notice to terminate the lease, which meant that Mr Yilmaz would need to give up the property in December 2016.
- There are court proceedings between the two parties at the Central London County Court in relation to the lease and the property itself.

3. Mr Dogan filed a counterstatement denying the ground of opposition. In effect, this is a denial that Mr Yilmaz would be in a position under the law of passing-off to prevent Mr Dogan from using the name **Alkis Kebab**.

4. Mr Dogan has represented himself during the proceedings. Mr Yilmaz is represented by London IP Ltd. Both sides filed evidence. I will refer to the evidence

only to the extent necessary to determine the issues before this Tribunal. Neither side asked for a hearing or filed written submissions in lieu. Mr Dogan did, though, recently provide an update about the court case mentioned above; I touch on this briefly later.

Section 5(4)(a) of the Act

The basic requirements of the law of passing-off

5. Section 5(4)(a) of the Act reads:

“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

(b)...

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.”

6. It is settled law that for a successful finding under passing-off, three factors must be present: i) goodwill, ii) misrepresentation and, iii) damage¹. All things being equal, these requirements would easily be met in these proceedings. In relation to goodwill, this was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where the Court stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

¹ For the benefit of Mr Dogan, who is without legal representation, he may wish to read the helpful summary given by Mr Hobbs QC, as the Appointed Person, in *Wild Child* BL/O/306/08, which can be accessed via the IPO's website.

7. It is clear that during the time of Mr Yilmaz's lease, a period of around 16 years, the business was operated under the name **Alkis Kebab** (although I note that the full name on signage provided in evidence by Mr Dogan is **Alkis Kebab & Pizza House**). In his evidence, Mr Yilmaz states that around 150k flyers were distributed each year promoting the business. In evidence given on Mr Yilmaz's behalf by Ms Nwaegbe (Head of Trade Marks at London IP Limited) (evidence which Mr Yilmaz also confirms is true, to the best of his knowledge), extracts are provided from the annual report of a company of which she states Mr Yilmaz is the sole director. Between 2014 and 2015 turnover grew from around £80k to £139k. Reference is also made to the business having a presence on social media. In addition, there is evidence from a Ms Risha Bhatia who states that she is a patron of Alkis Kebab House, and has been for around 15 years; she states that it is known locally by that name. There is further evidence which goes to the existence of goodwill, however, given that the existence, per se, of a protectable goodwill does not appear to be the real issue between the parties, I need say no more than this. I therefore find that during the lease period, the business operated from 3 Sunnyside Terrace generated a protectable goodwill associated with the name Alkis Kebab/Alkis Kebab House/Alkis Kebab & Pizza House.

8. Furthermore, if a person other than the owner of the goodwill in the business started to use the applied-for trade mark, misrepresentation and damage is also clear. In relation to the former, it was confirmed in *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473 that the relevant test was that a substantial number of members of the relevant public would be misled into believing that the defendant's offering was that of the claimant. Given that the same field of activity is in play, under virtually the same name, there can be no doubt that a misrepresentation would occur and, further, that such a misrepresentation would (or could) damage that business' goodwill through either a direct loss of custom, or, more general damage to its reputation.

Ownership of goodwill during the lease period

9. It seems to me that the real issue between the parties relates to the ownership of the goodwill generated during the lease period and, also, whether, even if Mr Yilmaz

does own the goodwill, he can use that to prevent the use (and therefore registration) of the trade mark by Mr Dogan.

10. In his evidence, Mr Dogan states that he is the “Landlord of the Business under name “Alkis Kebab House and Takeaway””. He confirms that, in total, the business has operated from the same property for 35 years and that he ran it between 1992 and 2000. When he ran the business it was through a company called Alkis Kebab House Ltd (company no. 03782970). He goes on to say that in 2000:

“I subleased the property without any goodwill agreement as ready running business to Mr Kemal Yilmaz in December 2000 to 2016 for 16 years.”

11. Mr Dogan states that in April 2016 he served notice on Mr Yilmaz that the lease was to be terminated. He states that he did not renew the lease because he wished to take back “my business to run myself”. Subsequently, Mr Dogan saw a notice at the property saying that the business would be moving elsewhere (to an address in Holmstall Parade). This is why he then applied for the trade mark. He considers it unlawful that the tenant could do this as “the property was leased as ready and running Restaurant, Take away and delivery business”. Reference is made to a letter from Mr Yilmaz’s representative refuting the suggestion that he had any connection with the Holmstall Parade property where the business was to move. Mr Dogan states that Mr Yilmaz has taken no action against the leasee of Holmstall Parade, Mr Erol Campolat (in his evidence, Mr Yilmaz states that Mr Campolat is his brother-in-law’s brother). Mr Dogan then provides evidence about damage to his property allegedly caused by Mr Yilmaz, however, this is not pertinent to the matters before this tribunal so I say nothing more about it.

12. Mr Dogan did not provide a copy of the lease itself, but Ms Nwaegbe did. It is dated 5 July 2000 and is between Mr Dogan and Mr Yilmaz personally. It contains a large number of clauses that would be typical for a lease agreement, be it in respect of commercial or residential property. There is not a single mention of the name Alkis or any trading name of the business that is to be operated from the property. The property is defined in the lease as:

“..the lock up shop known as 3 Sunnyside Terrace... being part of the building situate at 3 Sunnyside Terrace..”

13. I also note the following:

“Permitted use” is defined as “..for the business of a Hot Food Take Away Shop & Restaurant”.

In a section relating to rent review, it is stated that a number of things should be disregarded when a rent review is undertaken, including “any goodwill attached to the Property by the carrying on at the Property of the business of the tenant or anyone deriving title under the Tenant or by predecessors in that business”.

In a section headed “Aerials and advertisements”, it seems that the tenant is permitted “to display a sign showing the Tenant’s trading name of a size and kind that is reasonable.”

14. In her witness statement (which I stress again, Mr Yilmaz states is true to the best of his knowledge) Ms Nwaegbe states that:

- Mr Dogan ceased his use of the name Alkis Kebab upon grant of the lease.
- Mr Dogan, since the grant of the lease, has not used any name or mark comprising Alkis/Alkis Kebab (or anything similar).
- During the lease period, Mr Dogan has not been involved in any way in the operation of the business run from the property, and he has not even visited it.
- Mr Dogan has not at any time provided any form of verbal or written license with regard to the use of any Alkis Kebab’s trade marks or trade names.
- Mr Dogan has not exercised any control with regard to the use of the name or imposed any conditions with regard to the standard or quality of the goods and services sold.
- Mr Dogan has not raised any objection to the unlicensed use of the name.

- There are not any other verbal or written agreements between the parties in connection with the name.
- Customers were notified by word of mouth about the change of ownership of the premises and the new business run therefrom, both at the start of the lease and over the course of time.
- Some customers asked if the ownership had changed because they must have realised, due to changes made to decor etc, that there has been some form of change.

15. Mr Dogan's arguments are not altogether clear from a legal perspective (which is unsurprising given that he is without legal representation), but I take into account his statement that he is the landlord of the business. He must therefore consider that the lease relates not just to the property, but also the business itself. However, this is at odds with the content of the lease given that there is no mention of the business, let alone its trading name. Whilst the property has been leased for a certain permitted purpose and extends to, for example, its fixtures and fittings, it does not follow that this equates to the lease of an underpinning business. It is just a lease of a property, albeit one which has been set up for a business to be operated. As noted earlier, the agreement recognises that goodwill may be generated by the tenant as a result of his business activities (but that this is to be disregarded for the purposes of any rent review) and that the tenant may erect his own trading sign of reasonable size. Any doubt can be removed by considering that at paragraph 3 of his witness statement, Mr Dogan states that the lease was "without goodwill", even if he does go on to say that the property was a ready running business.

16. That any goodwill generated during the lease period accrues to the tenant as opposed to the landlord of the property is further supported by the fact that the various statements made Ms Nwaegbe have not been countered by Mr Dogan. She stated that no other agreement (beyond the lease) exists, that Mr Dogan has never been involved in the business in any way, and has never exercised any form of control etc.

17. Before concluding on the goodwill generated during the lease period, there is one further issue to consider. It is Mr Yilmaz who must own the goodwill he relies upon in

order to be able to bring an opposition based on section 5(4)(a). The reason this is an issue is because, in her evidence, Ms Nwaegbe states that Mr Yilmaz ran the business himself “including through and/or with the help of” various (financially and family related) companies and family members. Whilst there is little by way of detail to explain the nature of that help or to what extent the companies ran the business, I am prepared to accept that Mr Yilmaz was clearly the common thread running through everything. He would be the person that an upset customer would go to to complain and he would be deemed responsible for the service being provided. Therefore, even if some of these companies may partially own some of the goodwill generated, Mr Yilmaz would also be a partial owner. I note that Mr Dogan has taken no issue with this aspect of the case. If he had done, it would have been possible for some, or all, of the other companies to join the proceedings as co-opponents, so the point is somewhat academic.

Can Mr Yilmaz enforce his right against Mr Dogan?

18. I have little doubt that Mr Yilmaz would be able to restrain any newcomer to the market (or in this context, a new trade mark applicant). However, the real question that arises is whether he is able to restrain Mr Dogan. The fact that Mr Dogan is the landlord of the property is neither here nor there. The only possible argument I can see would be based on the fact that Mr Dogan was the first user of the name in the period 1992 to 2000. Mr Dogan has provided little evidence to support his actual use. However, even if one were to assume that he did establish goodwill during his period of trading, I do not accept, on the facts before me, that this prevents Mr Yilmaz from restraining Mr Dogan from re-starting his business under the subject name.

19. Whilst I acknowledge that the senior user in time will normally prevail against the junior user, the difficulty Mr Dogan faces is that even if the business he ran until 2000 generated a protectable goodwill, by the time he filed his application, Mr Yilmaz had been running his business, without complaint, for around 16 years. Thus, by then, Mr Dogan had no current goodwill, with anything he did establish having evaporated over time. That is not only because he ceased trading in 2000, but also because by the date of filing, the name would have been distinctive of Mr Yilmaz (the owner of the current goodwill) not Mr Dogan. Whilst the facts are not directly analogous, a similar

scenario can be seen in *SAXON Trademark* [2003] FRS 39 which related to the name of a band, where one of the original band members wanted to register the name despite having left the band years before, which went on trading without him. Put simply, Laddie J found that the latest band could restrain the original band members from using the name again.

20. Part of the rationale for the *Saxon* decision was based on the original band members not owning the goodwill (because the band was a partnership at will), something which I accept is not applicable here given that I am working on the assumption that Mr Dogan did generate some goodwill himself during his period of trading. Nevertheless, what the case does make clear is that it is not a pre-requisite that the claimant (in this case Mr Yilmaz) has to have commenced trading before the defendant (in this case Mr Dogan) and, further, it is relevant to consider the defendant's position at the relevant date and in the face of the claimant's [Mr Yilmaz's] current goodwill. At such a point, the name was distinctive only of Mr Yilmaz due to the evaporation of any goodwill Mr Dogan did own and with there being nothing to suggest that Mr Dogan still retained residual goodwill in the name. Thus, the facts inform me that Mr Yilmaz is able to prevent not only third parties from using the subject name, but that he is also able to prevent Mr Dogan from restarting his business under that name.

Conclusion

21. My conclusions are:

- i) Mr Yilmaz owns (at least partially) protectable goodwill associated with the name Alkis Kebab (etc) at the date of filing.
- ii) The use of the applied for mark would constitute a misrepresentation which would cause damage to Mr Yilmaz's goodwill.
- iii) Mr Yilmaz is able to rely on his passing-off right against Mr Dogan.
- iv) The opposition succeeds in full.

Other issues

22. Points have been taken by Mr Dogan in respect of damage to his property and, also, the court case relating to the termination of the lease. The court case was decided in favour of Mr Dogan. There is, though, nothing to suggest that the court case had anything to do with the right to use the name. I directed that Mr Dogan provide a copy of the relevant judgment in order to ascertain any potential relevance. However, all he provided was an order of the Central London County Court in which, essentially, an earlier order was amended under the slip rule (to reflect that matters were the result of undertakings rather than injunctive order) and that unless a defence to a counterclaim was filed, judgment would be issued upon the counterclaim. Thus, what has been provided sheds no further light and, so, I proceed on the basis that these matters have no bearing on what I have determined.

23. I have also not discussed the notices placed on the property advising that the business may move. This, again, has no pertinence and signifies nothing more than that Mr Yilmaz may have to move the business due to the termination of the lease.

Costs

24. Mr Yilmaz has been successful and is, therefore, entitled to a contribution towards his costs. My assessment, based upon the published scale, is set out below:

Official fee – £200

Preparing a statement of case and considering the counterstatement - £300

Filing and considering evidence - £800

25. I order Mr Ismail Dogan to pay Mr Kemal Yilmaz the sum of £1300 within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 04th day of January 2018

Oliver Morris

For the Registrar,

the Comptroller-General