

O-329-19

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. 2617330

IN THE NAME OF ZENITH LAW LLP

FOR THE TRADE MARK:

FM LEGAL

AND

AN APPLICATION FOR A DECLARATION OF INVALIDITY

UNDER NO. 501755 BY FM LEGAL LIMITED

Background and pleadings

1. On 12 April 2012, Zenith Law LLP (“the proprietor”) applied to register the trade mark **FM LEGAL** under number 2617330 (“the contested trade mark”). It was registered on 24 August 2012 for a range of goods in classes 35, 36 and 45.

2. On 15 September 2017, FM Legal Limited (“the applicant”) applied to have the contested trade mark declared invalid under s. 47 of the Trade Marks Act 1994 (“the Act”). The grounds are based on s. 5(4)(a) of the Act and the invalidity is directed against “legal services” in class 45 of the contested trade mark’s specification.

3. The applicant claims under s. 5(4)(a) of the Act that the sign **FM Legal** has been used throughout the UK since 1 July 2011 in respect of “the provision of legal services as a law firm”. The applicant claims that it has acquired goodwill under the sign and that the proprietor, by using the applicant’s trading name, is attempting to pass itself off as the applicant.

4. The proprietor filed a counterstatement in which it denies the grounds of invalidity. It denies that the applicant has goodwill in the sign. The proprietor further claims that the applicant’s use of the sign does not predate its own use and that the applicant is passing itself off as the proprietor. The precise date of the proprietor’s claim to senior user is somewhat unclear: it states that the firm Farquharson McDonald LLP traded as FM LEGAL from 27 October 2008 (paragraph 33) but also that it traded during 2011 (paragraphs 29, 34). The proprietor also points out the time that has elapsed since the mark was applied for and relies on the defences of laches, acquiescence and estoppel.

5. Both parties filed evidence. The applicant also filed submissions during the evidence rounds, which I will take into account. Neither party requested a hearing, nor did they file written submissions in lieu. Neither party is professionally represented.

6. This decision is taken following a careful reading of all of the papers.

Evidence

7. I will say at the outset that much of the evidence filed by the parties is irrelevant, as it concerns matters extraneous to the proceedings before me or is dated after the relevant time. I have read all of it but only the material pertinent to my decision is summarised below.

Applicant's evidence

8. The applicant's evidence consists of three witness statements of Qazi Wajahat Zafar Jalisi, with thirteen exhibits (not numbered consecutively). Dr Jalisi is a solicitor and director of the applicant.¹

9. Dr Jalisi explains that the applicant is a body authorised and regulated by the Solicitors Regulation Authority ("SRA"). He states that his firm was incorporated on 10 June 2011 and began trading as a law firm on 1 July 2011.² He provides a copy of the organisation details taken from mySRA.³ The trading name "FM LEGAL" is shown, with a start date of 1 July 2011. Categories of work are given as banking law, business affairs, European Community law, financial and investment services, mediation (civil and commercial) and taxation. Dr Jalisi subsequently clarified that this document "was provided to evidence that the Applicant commenced trading on 1 July 2011 as that is the date on which the trade name "FM Legal" is listed as being registered with the [SRA]".⁴

10. A certificate of recognition from the SRA, recognising FM LEGAL LIMITED as a suitable body to provide legal services and dated 1 November 2011, is exhibited.⁵

¹ Jalisi 1 (i.e. amended statement of 4 October 2017), §1.

² Jalisi 1, §2.

³ Jalisi 1, §2 and QWZJ.1.

⁴ Jalisi 2, §2.

⁵ QWZJ.2

11. Dr Jalisi also provides a copy of the applicant's abbreviated accounts, covering the period 10 June 2011 to 31 March 2012.⁶ Its assets include debtors to the sum of £72,072 and its assets less current liabilities are £45,997, which is the same as the sum for shareholders' funds. Its profit and loss account is recorded as standing at £45,897.

12. Copies of the proprietor's annual accounts for the years ending October 2009 to October 2012 are provided.⁷ The company name is Farquharson McDonald LLP; no other company or trading name is visible. Only the October 2012 accounts show any trade (turnover of £3,750).

13. Dr Jalisi exhibits two emails, dated May and October 2015, from a manager at JMW Solicitors to "Ian" at info@legal-fm.com.⁸ Dr Jalisi suggests that these emails were intended for the proprietor.⁹

Proprietor's evidence

14. This consists of the witness statement of Ian Jacob. Mr Jacob does not explain his relationship to the proprietor. It appears from the counterstatement, however, that Mr Jacob also goes by the name Ian McDonald and that he was a founder of Farquharson McDonald LLP, which subsequently changed its name to Zenith Law LLP (the proprietor).¹⁰

15. There are a number of documents which appear to be connected with the starting of the proprietor's company. These are:

- A print of a Nominet record, which shows that the domain name fmlegal.co.uk was registered by Farquharson McDonald LLP on 1 November 2008;¹¹

⁶ QWZJ.3.

⁷ QWZJ.4-QWZJ.7.

⁸ QWZJ.15.

⁹ Jalisi 3, §4.

¹⁰ The counterstatement is reproduced in evidence at folder 4, pp. 77-85. See also folder 1, pp. 11-12.

¹¹ Folder 1, p. 13.

- Three confirmations of payment From Ian McDonald to Website Express, with the reference “FM LEGAL”.¹² The earliest is dated 23 July 2011, the others August 2011;
- A “virtual office move-in questionnaire” dated 1 August 2011. In response to the instruction “please state the name of your company or how you would like your calls to be answered”, the name “FM LEGAL (Farquharson McDonald Legal Services)” is given.¹³ There is also a letter of complaint, dated 6 October 2011, in which “FM LEGAL” complains about the trading name on the mailbox and that inbound telephone calls were not being answered as “FM LEGAL”, as per instructions;¹⁴
- An invoice to FM Legal Lawyers for business stationery totalling £369, dated 17 August 2011.¹⁵ “FM Legal” is present in the descriptions of the items. Copies of a letterhead and business card are exhibited but there is no indication of the date of these documents;¹⁶
- “FM LEGAL” compensation forms but with no visible date;¹⁷
- A DX application form in the name of “FM LEGAL (Farquharson” [sic], which has a start date of 1 September 2011;¹⁸
- Emails dated December 2011 requesting the listing of “FM Legal” on a directory, apparently of paralegals and law firms;¹⁹

16. Mr Jacob exhibits an exchange of emails between Dr Jalisi and info@fmlegal.co.uk (apparently the proprietor’s email address) dated 25 November 2011 and 2 December 2011.²⁰ Dr Jalisi requests the proprietor cease claiming to be the law firm FM Legal and cease providing any legal services under that trading name. Dr Jalisi threatens to report the firm to the SRA, citing conflict with his own firm’s rights.

¹² Folder 1, pp. 18-20.

¹³ Folder 1, pp. 21-23

¹⁴ Folder 2, pp. 40-41.

¹⁵ Folder 1, pp. 25-26.

¹⁶ Folder 2, pp. 27-29.

¹⁷ Folder 2, pp. 30-33

¹⁸ Folder 2, pp. 34-38.

¹⁹ Folder 3, pp. 45-46.

²⁰ Folder 2, pp. 42-44.

17. That concludes my summary of the evidence.

Section 5(4)(a)

18. Section 5(4)(a), which has application in invalidity proceedings by virtue of s. 47(2), states:

“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”.

19. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a deputy Judge of the High Court stated that:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “*a substantial number*” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived

(per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)".

20. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), 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".

21. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

"27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut

the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur”.

22. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat), Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application”.

23. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off

claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation”.

24. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience”.²¹

25. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Daniel Alexander QC, sitting as the Appointed Person, considered the relevant date for the purposes of s. 5(4)(a) of the Act and concluded:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a

²¹ See also *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made”.

26. The applicant must show that it had a protectable goodwill at least by the date of application for the contested mark, i.e. 12 April 2012. However, as the proprietor has claimed to be the senior user, I must also assess whether and, if so, by what date, the proprietor had established a protectable goodwill of its own.

Proprietor's business

27. I do not accept that the registration of a domain name is sufficient, in and of itself, to establish that the proprietor was carrying on a business. There is no other relevant evidence dating from 2008. I reject the proprietor's claim that it was operating a business in 2008.

28. Various pieces of evidence have been filed by the proprietor in support of its claim to trading in 2011. The earliest is dated 23 July 2011. It is, however, not payment to the proprietor for services rendered but confirmation of payment by the proprietor. Most of the other documents filed by the proprietor in support of its claim are of a similar ilk. I accept that, in their totality, material such as invoices for company letterheads and business cards supports the view that the proprietor was preparing to trade and may shore up a claim to actual trade. I am not, however, prepared to infer that such material alone establishes a protectable goodwill. There is no evidence of any advertising materials or strategy. Still less is there evidence of invoices to clients.

29. There is in evidence an exchange of emails between Dr Jalisi and the proprietor, in which Dr Jalisi insists that the proprietor cease offering services under the contested

mark. The nature of his comments suggests that the proprietor is, in fact, offering a service. I also bear in mind the evidence of the proprietor's company accounts, filed by Dr Jalisi. The last of these shows a turnover of £3,750 and covers the period 1 November 2011 to 31 October 2012. By any measure, £3,750 is a tiny turnover in a twelve-month period. That is not all: there is no way for me to determine how much of that turnover, if any, was generated in the first five months of the reporting period (i.e. by the application date). It is not at all clear from the accounts, for Farquharson McDonald LLP, whether this turnover was generated under the contested mark though, in light of the evidence as a whole, it seems likely that "FM LEGAL" did feature in some respect. I bear in mind that a small business may nevertheless establish goodwill. However, in the absence of any other information regarding the marketing, promotion or the actual services rendered by the proprietor, and while I acknowledge that some trade was done during 2011/2012, my finding is that the revenue shown is too small to have created a reputation, or goodwill, which was more than trivial, even by the application date. The proprietor's claim to senior user is dismissed.

Applicant's business

30. The applicant's evidence regarding its own goodwill is very thin. It amounts to two registration documents from the SRA and one set of abbreviated accounts. The accounts, I note, are so abbreviated that they do not specify the field of business. They do, however, show a profit and loss account of over £45,000 and debtors to the tune of £72,072. These suggest that the applicant had, during the period to 31 March 2012, operated a business of small but not trivial proportions. Dr Jalisi has given evidence that the applicant began trading on 1 July 2011 as a law firm. The proprietor's evidence has not seriously questioned the veracity of Dr Jalisi's statement. The SRA documentation shows that the registered organisation name is "FM LEGAL LIMITED" and the trading name at the relevant time "FM LEGAL". On the balance of probabilities, my finding is that, at the application date, the applicant had a protectable goodwill as a result of its business in the provision of legal services, which was associated with the sign "FM Legal".

Misrepresentation

31. The test for misrepresentation is that in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341, per Lord Oliver at page 407:

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents' [product]”.

32. The contested “legal services” are clearly in the same field of activity as the services provided by the applicant. The sign relied upon is identical to the contested mark. I have no doubt that there would be a misrepresentation among the relevant public when faced with businesses trading under identical names for the identical services. In the absence of any evidence which would show a means for the public to distinguish between the two entities, I am satisfied that there would be a misrepresentation.

Damage

33. In *Harrods Limited v Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a

customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation”.

34. This is a case in which the most obvious type of damage, namely transfer of sales occasioned by the relevant public's belief that they are dealing with the applicant, is easily foreseeable. Damage is made out. The ground under s.5(4)(a) succeeds.

Defences

35. The proprietor relies upon the defences of acquiescence, laches and estoppel. Its case is pleaded as follows:

“The Applicant did absolutely nothing until 12 May 2017 some five years and twenty three days after the [proprietor's] application to register their trademark even though the Applicant had threatened the [proprietor] about the use of the name as early as 25 November 2011 and under these circumstances the defence of the doctrine of Laches and Acquiescence must be applied notwithstanding any statutory limitations that may apply in this case and in addition the Applicant should be estopped under the principle of estoppel”.²²

36. Delay itself is no bar to proceedings. Statutory acquiescence is provided for at s. 48, which states:

“(1) Where the proprietor of an earlier trade mark or other earlier right has

²² Counterstatement, §39.

acquiesced for continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-

(a) to apply for a declaration that the registration of the later trade mark is invalid, or

(b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith”.

37. In *Budějovický Budvar, národní podnik v Anheuser-Busch Inc.*, Case 482/09, EU:C:2011:605, the Court of Justice of the European Union held that the five-year time period for the purposes of statutory acquiescence only begins to run when four conditions have been satisfied: first, the later mark must have been registered; secondly, the application for the later mark must have been made in good faith; thirdly, the later mark must have been used in the relevant territory; and finally, the proprietor of the earlier mark must be aware of both the registration and use of the later mark. Further, the court confirmed (at [49]) that the effect of any administrative or court action was to interrupt the period of limitation in consequence of acquiescence. The contested mark was registered, and therefore satisfied the first of the court’s conditions, on 24 August 2012. The application for invalidation was filed on 11 August 2017. The period after registration and before action is less than five years and statutory acquiescence cannot apply.

38. In *Marussia Communications Ireland Limited v Manor Grand Prix Racing Limited and others*, Males J considered whether a defence of estoppel by acquiescence could be relied upon, bearing in mind the CJEU’s ruling in *Martin y Paz Diffusion SA v Depuydt*, Case C-661/11, EU: C:2013:577. He said:

“Can the defendant rely on an estoppel?”

90. As to the first question, it is clear that the Regulation operates as a complete code so far as the rights of a Community trade mark proprietor are concerned. The reason why the European Court insisted on an autonomous Community meaning of "consent" in the *Zino Davidoff* case was, as explained at [41] of the judgment:

"If the concept of consent were a matter for the national laws of the member states, the consequence for trade mark proprietors could be that protection would vary according to the legal system concerned. The objective of 'the same protection under the legal systems of all the member states' set out in the ninth recital in the Preamble to Directive 89/104, where it is described as 'fundamental', would not be attained."

91. The same unacceptable consequence would apply if, in a case where there was no consent within the meaning of the Regulation, a proprietor was nevertheless precluded from exercising its rights under Article 9 as a result of some other defence available under national law. Further, as noted above, the European Court went on to say at [58] that:

"58. A rule of national law which proceeded on the mere silence of the trade mark proprietor would recognise not implied consent but rather deemed consent. That would not meet the need for consent positively expressed, required by Community law."

92. Although it would not be right to describe the principle of estoppel by acquiescence as comprising "a rule of national law which proceeded on the mere silence of the trade mark proprietor" as more is required than mere silence, it is nevertheless a rule of national law which operates as a kind of

deemed consent regardless of actual consent. A defendant only needs to invoke an estoppel defence when it is unable to prove actual consent within the meaning of the Regulation. While an estoppel defence may be characterised as an aspect of a wider principle of good faith or abuse of rights, to allow the possibility of such a defence would undoubtedly mean that protection would be subject to issues outside the terms of the Regulation and would vary according to the legal system concerned”.

39. It therefore appears that national defences of laches, estoppel and acquiescence are not available in trade mark matters.²³ Even if that were not the case, my view is that none of the defences would have been made out on the evidence before me: there is nothing to suggest that the applicant’s acts in any way encouraged the proprietor. Such evidence as there is shows only that in 2011 the applicant was aware of a trading name (as distinct from a trade mark registration), to which it, in any event, objected. In respect of the doctrine of laches, such a defence only bars equitable relief and would be unavailable to the proprietor in the instant case, in which a declaration of a pre-existing right and legal remedy are sought.²⁴

Conclusion

40. The application for invalidation has been successful. Subject to appeal, the contested mark will be invalidated, with effect from 12 April 2012, for “legal services” in class 45.

Costs

41. The applicant has been successful and would ordinarily be entitled to an award of costs. However, the tribunal wrote to the parties on 12 February 2019 indicating that, as

²³ See also *Kerly’s Law of Trade Marks and Trade Names* (16th edn, Sweet & Maxwell 2019) at chapter 17, section 16, subsections 106-110.

²⁴ *Fisher v Brooker* [2009] UKHL 41 at [79] and the explanation of the doctrine in *Lindsay Petroleum C v Hurd* (1874) L.R. 5 P.C. 221, at [239]

unrepresented litigants, the parties would be required to complete a costs pro-forma if an award of costs was sought. The letter stated that if the pro forma was not completed and returned, “no costs, other than official fees arising from the action [...] will be awarded”. Neither party has filed a costs pro-forma. That being the case, the applicant is only entitled to £200, being the official fee for filing the cancellation action.

42. I order Zenith Law LLP to pay FM Legal Limited the sum of **£200**. This sum is to be paid 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 11 June 2019

**Heather Harrison
For the Registrar
The Comptroller-General**