

**IN THE MATTER OF Application Nos 2146004A
and 2146004B by Donuts & Company Limited to
register five trade marks in classes 30, 32 & 42**

**AND IN THE MATTER OF Oppositions thereto
under Nos 48878 & 48883 by Dunkin' Donuts Inc.**

1. On 25 September 1997, Donuts & Company Ltd made an application to register a series of five marks. The application was subsequently divided into two applications for two series of three and two marks, respectively. The divisional applications were given the numbers 2146004A and 2146004B.

2. The series of three marks applied for under number 2146004A consist of two word marks in ordinary script, namely DONUTS & COMPANY and DONUTS & CO, and the logo mark shown below.



3. The third mark is represented on the application form with the background in pink and the letters in white. The applicant claims the colours pink and white as an element of this mark.

4. Application 2146004B consists of the mark shown below in black and white and in colour. The coloured version shows the rectangular border for the word element in pink, the background appearing in black and white. The colours pink, black and white are claimed as an element of the second mark in the series.



5. The specification of goods and services is the same for both applications. It is:-

Class 30:

Bakery products; doughnuts, bread, bread rolls, biscuits, cakes and other pastries; confectionery; ices; iced confections; snacks; snack foodstuffs; coffee, tea, cocoa; sugar; sweeteners; whiteners; coatings, coverings, toppings and fillings, all in Class 30 and for doughnuts.

Class 32:

Non-alcoholic beverages, beer, mineral water, aerated water, table water, fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 42:

Restaurant, bar, cafeteria, café and snack bar services; food preparation services; services for preparing food for consumption away from premises; catering services.

6. On 5 August 1998, Dunkin Donuts Inc. of Massachusetts, USA, filed Notice of Opposition to the proposed registrations.

7. The grounds of opposition are that:

- a) The opponent is the proprietor of three UK trade mark registrations incorporating the words "Dunkin' Donuts", each of which constitutes an "earlier trade mark" within the meaning of Section 6(1) of the Trade Marks Act 1994.
- b) Because of the identity or similarity of the respective marks and goods and services, and the repute of the earlier trade marks, registration of the applicant's marks would be contrary to Section 5(2) of the 1994 Act.
- c) The opponent's mark is well known in the UK and registration should therefore be refused under Section 56 and Section 3(4) of the 1994 Act.
- d) Use of the applicant's marks would be contrary to the law of passing off and registration should therefore be refused under Section 3(4) and 5(4) of the 1994 Act.
- e) The application was filed in bad faith and registration should therefore be refused under Section 3(6) of the 1994 Act and in the exercise of the Registrar's discretion.

8. The applicant's counterstatements admitted that the opponent is the proprietor of the three registrations relied upon, but denies all the grounds of opposition.

9. Both sides seek an award of costs.

Evidence

10. The opponent filed evidence in the form of an affidavit by Lawrence W Hartman, and a statutory declaration by Brenda Williams. Mr Hartman is the Senior Vice-President and General Counsel of the opponent. His evidence describes the use of the Dunkin' Donuts trade mark in the USA and worldwide. I find it of very little assistance because it says virtually nothing about the UK (other than providing details of the UK registrations of Dunkin Donuts marks). Ms Williams was the Acting Vice-President, and later General Manager, of the "Dunkin' Donuts operation in the United Kingdom" from September 1996 to March 1999. Ms Williams is employed by Allied Domecq Retailing. Ms Williams states that Dunkin' Donuts Inc is a member of the Allied Domecq group of companies. Ms Williams provides some evidence of the use made of the opponent's marks in the UK prior to the relevant date in these proceedings (25 September 1997). I will return to this later. Her evidence also includes some details of the opponent's on-going litigation with one Kevin Rogers.

Background

11. It appears from Ms Williams' evidence that the moving force behind the applicant company is Kevin Rogers. Mr Rogers owns or owned Dunkin Donuts UK, which up until 1997, held a franchise under the Dunkin' Donuts mark within the territory enclosed by the M25 motorway. For reasons which I need not record here, the parties fell out in 1997 with the result that Mr Rogers company gave up the franchise. Mr Rogers then seems to have set up the applicant company which applied to register the marks in suit, no doubt with the intention of carrying on a similar business to that previously operated as a franchisee of the opponent. The opponent objects to the use of the applicant's new marks. This is the background to this opposition.

Hearing

12. The matter came to be heard on 1 March 2001 when the applicant was represented by Mr G Harbottle of Counsel instructed by Messrs Callaghans, solicitors, and the opponent was represented by Mr M Engelman of Counsel instructed by Allied Domecq.

Onus

13. For the reasons I gave at greater length in Audi-Med 1998 RPC 859, I believe that the onus is on the opponent to make out its case on the all the grounds of opposition set out below.

Well known Mark

14. In *General Motors Corporation v Yplon SA* (1999 ETMR page 122), Advocate General Jacobs considered what is necessary to show a "reputation" for the purposes of Article 5(2) of EC Directive 104/89 (Section 5(3) of the 1994 Act). In so doing he also considered the difference between marks with a "reputation" and marks which are "well known". The relevant part of his opinion is reproduced below.

“Marks with a reputation and well-known marks

30. Both in the proceedings before the Court, and in general debate on the issue, attention has focussed on the relationship between “marks with a reputation” in Article 4(4)(a) and Article 5(2) of the Directive and well-known marks in the sense used in Article 6 *bis* of the Paris Convention for the Protection of Industrial Property. Well-known marks in that sense are referred to in Article 4(2)(d) of the Directive.

31. General Motors, the Belgian and Netherlands Governments and the Commission submit that the condition in the Directive that a mark should have a “reputation” is a less stringent requirement than the requirement of being well known. That also appears to be the view taken in the 1995 WIPO Memorandum on well-known marks.

32. In order to understand the relationship between the two terms, it is useful to consider the terms and purpose of the protection afforded to well-known marks under the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). Article 6 *bis* of the Paris Convention provides that well-known marks are to be protected against the registration or use of a “reproduction, an imitation, or a translation, liable to create confusion” in respect of identical or similar goods. That protection is extended by Article 16(3) of TRIPs to goods or services which are not similar to those in respect of which the mark is registered, provided that use of the mark would “indicate a connection between those goods or services and the owner of the registered trade mark and provided that the interests of the owner of the registered trade mark are likely to be damaged by such use”. The purpose of the protection afforded to well-known marks under those provisions appears to have been to provide special protection for well-known marks against exploitation in countries where they are not yet registered.

33. The protection of well-known marks under the Paris Convention and TRIPs is accordingly an exceptional type of protection afforded even to unregistered marks. It would not be surprising therefore if the requirement of being well-known imposed a relatively high standard for a mark to benefit from such exceptional protection. There is no such consideration in the case of marks with a reputation. Indeed as I shall suggest later, there is no need to impose such a high standard to satisfy the requirement of marks with a reputation in Article 5(2) of the Directive.”

15. Is the opponent’s evidence of the repute of its mark in the United Kingdom of the high standard necessary for it to benefit from the exceptional protection afforded to well known marks? As I have already noted, Ms Williams gives the most relevant evidence. The relevant section of her evidence is reproduced below:

“2. The mark DUNKIN' DONUTS has been used continuously in the United Kingdom since at least 1988. Below I give the total United Kingdom turnover figures in US Dollars since date of first use:

	US\$
12 months ending 10/88	201,000
12 months ending 10/89	2,702,000
14 months ending 12/90	3,263,000
14 months ending 2/92	3,420,000
12 months ending 2/93	3,153,000

12 months ending 2/94	3,433,000
12 months ending 2/95	4,976,400
6 months ending 8/95	3,667,900
12 months ending 8/96	8,875,900
12 months ending 8/97	9,272,900
12 months ending 8/98	4,914,687*

* (includes estimates relating to London outlets)

3. I now attach various samples of how the trade mark DUNKIN' DONUTS has been used in the United Kingdom marked "BW.1". This bundle of materials includes serviettes, stickers, packaging and product menu.
4. Since its launch in 1988, there have been at various times a number of outlets selling DUNKIN' DONUTS products throughout the United Kingdom. Two years ago we had 12 co-owned stores with five stores in London. Today we have six stores in Northern Ireland as well as what are known as "branded cases" in other retail outlets. In January 1999, there were a total of 264 branded cases throughout the United Kingdom, ie. 105 in Alldays stores throughout the South of England, 32 in Kent, 60 in the Birmingham area and 67 in Scotland. By virtue of this use and that outwith the United Kingdom the DUNKIN' DONUTS name has become famous and extremely well-known in a large number of countries."

16. It appears from the contents of exhibit BW1 that the opponent operates specialist retail stores selling own-brand doughnuts and coffee. In my judgement, although it is reasonable to infer from the sales figures that the opponent's mark would have enjoyed some repute in the UK, there is insufficient evidence in Ms Williams declaration to conclude that the DUNKIN' DONUTS mark was "well-known" in the UK at the relevant date. In particular, there is little detail of the geographical scope of the opponent's use at or before the relevant date, no details of any promotion of the mark, no record of any media coverage, and no supporting evidence from the public or the trade.

17. The claim that the opponent's mark as "well known" at the relevant date is not therefore made out. If the evidence had supported the claim there would have been a further point about whether the opponent had based its claim on the correct legal provisions, which, in my view, should have been Sections 6(1)(c) and 5(2)(b) rather than Section 56 and 3(4). However, in the circumstances there is no need to say anything further about this.

18. The remaining ground of opposition under Section 3(4) - that use of the applicant's mark would amount to passing off - is the same point raised as a relative ground under Section 5(4)(a) of the Act, but dressed up as an absolute ground for refusal. I need say no more about it. For reasons I will come to later, I believe that Section 5(4)(a) represents the opponent's best case.

Section 5(4)(a)

19. The requirements for passing off are well established and not in dispute. They are conveniently summarised in Wild Child 1998 RPC, page 455. The requirements are a) the

existence of a goodwill identified by some distinctive indicia, b) misrepresentation by the defendant (or in this case the applicant) which has, or is likely to, result in confusion and deception as to the source of the defendant's (applicant's) goods or services, resulting in c) damage to the goodwill described at (a).

20. As I have already noted, the opponent's evidence is hardly comprehensive. However, I believe that Ms Williams' evidence is sufficient to establish that the opponent had some reputation and goodwill in the UK at the relevant date under the DUNKIN' DONUTS name. Having filed no evidence in response to the claim that a) Mr Rogers is the person behind the applicant company and that, b) through another company, he previously operated as a franchisee of the DUNKIN' DONUTS business, the applicant is scarcely in a position to now deny the existence of a goodwill in the UK under that indicia - or that the goodwill belongs to the opponent. The latter point is strictly irrelevant because one does not have to be the proprietor of the earlier right to bring an opposition under Section 5(4)(a). Consequently, the question of proprietorship is only relevant to the extent that the applicant can claim to be the proprietor of the goodwill under the DUNKIN' DONUTS mark. However, the applicant is not in a position to make such a claim.

Similarity between the Applicant's Marks and the Indicia used by the Opponent

21. It appears from exhibit BW1 to Ms Williams' declaration, that the indicia used to identify the DUNKIN' DONUTS operation in the UK is the words DUNKIN' DONUTS in a form of script, with the word DUNKIN' in orange and the word DONUTS in pink. There is one example in evidence of the words DUNKIN DONUTS appearing as a secondary indicia in white letters on a pink background, but this exhibit (an item of packaging) is undated and Ms Crane makes no specific claim that the mark was used in this form before the relevant date. Even if it was, it appears to have been atypical of the indicia used to identify the DUNKIN' DONUTS operation. The principal indicia used being as described above.

22. The closest of the applicant's five marks is, in my view, the third mark in the series of three in application 2146004A. This consists of the words DONUTS & Company in a form of script, the word DONUTS predominating, with the letters appearing in white on a pink rectangular background.

23. Mr Engelman submitted that the applicant's mark took;

- a) the opponent's font;
- b) the opponent's colour pink;
- c) the opponent's spelling of the word DONUTS.

24. In this regard, I observe that:

- a) Whilst the applicant's mark is represented in a similar font to the opponent's DUNKIN' DONUTS mark, the respective fonts are not the same and there is no evidence that the font the opponent uses is distinctive.
- b) The opponent's mark is generally represented in orange and pink lettering; there

is no evidence that the colour pink *per se* was used to distinguish the opponent's goods before the relevant date, let alone that it had actually become distinctive through such use.

- c) The word DONUT appears in the 1993 edition of the New Shorter Oxford English Dictionary as an alternative spelling to "Doughnut", indicating that, by the relevant date, the American spelling of doughnut had some currency in this country.
- d) It appears from a leaflet aimed at potential franchisees in the UK (in exhibit BW1) that the opponent itself uses the word "donut" descriptively, "52 varieties of donuts, for every week of the year" This is confirmed by a menu card (in the same exhibit) showing photographic representations of various doughnuts, each one of which is described as a "donut", eg "The Classic Donut". This is put forward by Ms Williams as an example of the opponent's use in the UK. Such use is likely to have educated the opponent's customers to perceive the word "Donut" is a purely descriptive sense.

25. Mr Harbottle submitted that the only overlap between the respective marks is the descriptive word "Donuts". He drew my attention to the cases of Mc Cain International v Country Fair Foods 1981 RPC 69 and Office Cleaning Services Ltd v Westminster Office Cleaning Association (1946) 1 All ER 320 as support for the propositions that a) where a descriptive word is concerned, the court (or tribunal) has to be satisfied that the name has truly acquired a secondary distinctive meaning, and b) small differences between descriptive marks may be accepted as sufficient to avoid confusion.

26. I believe that (at least as far as the applicant's third mark in application 2146004A is concerned), Mr Harbottle may be over stretching his client's case slightly by suggesting that the only similarity between the respective marks is the word "Donuts". Nevertheless, I cannot accept that the similarities identified - the spelling of "Donut", the similar but non-distinctive font, or the presence of one of the two colours used by the opponent - are individually or collectively sufficient to give rise to a likelihood of confusion. I believe that the differences between the respective marks, namely the absence of DUNKIN' from the applicant's mark and the addition of "...+ Company", in the applicant's mark, outweigh the similar (but non-distinctive) features of the respective marks.

27. Mr Engelman drew my attention to the case of Legal and General v Daniel 1968 RPC 253, wherein the use by the defendant of Legal and General Enquiry Bureau - but placing emphasis on Legal and General - was sufficient for the claimant to obtain an interlocutory injunction on the basis of its substantial goodwill under the name Legal and General - despite the descriptive nature of those words for the services at issue. In my view, that case can be readily distinguished from the case before me. The defendant had taken the whole of the claimant's mark. By contrast, the distinctive character of the opponent's mark in this case appears to me to depend heavily on the combination of DUNKIN' and DONUTS. Combining the latter word with the ending "+ Company" seems to me to create a mark with a significantly different character. Such similarities as there are in peripheral features of the marks, such as colour and font, are insufficient to offset the quite different impressions created by the dominant word elements of the marks.

28. Mr Engelman relied upon the disclosed intention of the applicant to trade under its mark within self-service doughnuts units of the kind operated by the opponent. Such use would clearly fall within the scope of "normal and fair use" of the marks applied for. Nevertheless, I find that the differences between the respective marks are sufficient to avoid confusion and deception amongst a substantial number of persons. As misrepresentation is an essential component in the tort of passing off, it follows that the opponent's case must fail.

29. If that is the case for the third mark in application 2146004A, it follows from what I said earlier that the same must apply to the applicant's other four marks. The opposition under Section 5(4)(a) therefore fails.

Section 5(2)

30. Section 5(2) of the Trade Marks Act 1994 provides:

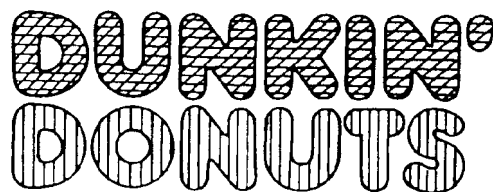
5.-(2) A trade mark shall not be registered if because -

- (a) -
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

The correct approach to the matter has been set out in a number of decisions of the European Court of Justice (ECJ), in particular, Sabel BV v Puma AG (1998) RPC 199, Canon v MGM (1998 ETMR 1), Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV (1999 ETMR 690) and Marca Mode CV v Adidas AG and others (2000 ETMR 723).

31. The opponent has the following mark registered in Classes 16, 20 and 42.



32. The registration in Class 16 is for goods which are dissimilar to any of the goods/services in the applications before me. The registration in Class 30 covers "Doughnuts; bakery products; coffee, tea, cocoa; all included in Class 30". The Class 42 registration is for "restaurant services" in that class. It is readily apparent that the applications before me contain identical goods and services to some of those specified in the opponent's Class 30 and 42 registrations.

33. The mark in all three of the opponent's registrations is limited to the colours orange and pink.

34. Has the opponent any better case under Section 5(2)(b) than it has under Section 5(4)(a) based upon its common law rights? I believe not. The subject matter of the registered mark is identical to the indicia I considered as distinctive of the opponent in assessing the Section 5(4)(a) objection. I also assumed that the respective goods/services were the same in reaching my conclusion under Section 5(4)(a). There is therefore no better case for concluding that there is a likelihood of confusion under Section 5(2)(b).

35. In one respect the opponent's case may be weaker under Section 5(2)(b). This is because the opponent's mark are limited to the colours orange and pink. In PACO/PACO LIFE IN COLOUR 2000 RPC 451, I found that a voluntary disclaimer under Section 13 of the Act may be taken into account in determining the scope of protection under Section 5. The same must apply to a voluntary limitation. None of the applicant's marks contain the colour orange. In the light of my earlier findings it is not necessary for me to finally determine the significance of the limitation. And as it was not argued before me, I prefer not to do so.

Section 3(6) - Bad Faith

36. I noted earlier when setting out the background to the case, that Mr Rogers appears to have at one time owned a company which was a franchisee of the opponent. The breakdown in the relationship and Mr Roger's plans to trade under the name DONUTS & COMPANY is described in an article in The Sunday Times of 29 March 1988, which is exhibited as BW2 to Ms Williams declaration.

37. In his skeleton argument, Mr Engelman relied upon the by now well known words of Lindsey J. in Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd 1999 RPC 367 at 379 where he said:

"bad faith includes dishonesty and.... 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."

38. Mr Engleman suggested that this test for bad faith applied to the facts of this case as follows:-

"In a letter of Kevin Rogers to Allied Domecq Retailing International Company, an associated company of the Opponent, dated 16 September 1997, Mr Rogers accepts termination of the franchise agreement between the Opponent and the Applicant. He states:

"In this respect DDUK will work to a complete cessation of the use of the Dunkin Donuts trade mark and associated proprietary information by 15th December 1997."

,("the Letter").

There can be little doubt that the Applicant has operated as franchisee of the Opponent

over a period of 10 years and has been selling products and offering services under the Opponents trade marks. Following termination of the franchise agreement the Applicant has been selling the same products and offering the same services under the Applications which utilise the Opponent's Colour and Font and the distinctive word DONUTS despite the assertions of the Opponent in the Letter...

The existence of the previous relationship between Applicant and Opponent and the utilisation of the Opponents' Colour, Font and word DONUTS together with a clear recognition of the Opponent's rights to its registrations as disclosed by the Letter, evidences conduct which falls within the meaning of Section 3(6)."

39. I do not accept that the similarities between the applicant's marks and the opponent's mark are sufficient to infer that the applicant adopted its marks with an intention to deceive. There is no other evidence of such an intention.

40. I asked Mr Engelman whether the opponent's case under Section 3(6) could succeed if the case under Section 5(4)(a) failed. He maintained that it could. Thus the complaint about the applicant utilising "the opponent's" colour pink and the word "Donut" (in a similar font), is not limited to the opponent's claim that the applicant's use of its marks was intended or is likely to cause confusion and deception.

41. I do not accept Mr Engelman's submission. It amounts to a submission that similarity can of itself be objectionable, at least in circumstances where there has been a previous franchise arrangement between the parties.

42. However, as Millett L.J. stated in the case of The European Ltd v The Economist Newspaper Ltd 1998 FSR, 283 at 288:-

"Similarity is a matter of degree; and except in the case where there is absolutely no similarity at all between sign and mark (which is not this case) the question is whether the similarity is such as to be likely to cause confusion in the mind of the public. A degree of similarity is tolerable; the question is whether there is a confusing similarity."

43. This was said in the context of a trade mark infringement claim, but I can see no reason why mere similarity should present grounds for the refusal of marks that can lawfully be used in the UK under the guise of "bad faith". Nor do I see why the existence of an earlier franchise arrangement between the parties should be sufficient to elevate mere similarity of marks to a ground of objection independent of any intention to deceive or a likelihood of confusion or deception.

44. Mr Engelman sought to rely on the cases of Gynomin, 1961 RPC 408 and Travel Pro Trade Mark, 1997 RPC 864. The former was a case decided under the old law. In both cases the respective marks of the parties were virtually identical. In my view, neither case supports the proposition advanced by Mr Engelman.

45. There is an increasing tendency in opposition proceedings for opponents to seek to lower the requirement for a likelihood of confusion under Section 5(2) an/or 5(4)(a), by basing their case under Section 3(6) on the alternative ground that the applicant's mark must have been adopted in bad faith because it is similar to the opponent's mark. In my view, such attempts

should be rejected. I reject it here. The opposition under Section 3(6) fails.

46. I also reject the opponent's request to refuse registration in the exercise of the Registrar's discretion. The Registrar has no discretion to refuse an application that meets the requirements for registration.

Costs

47. The opposition having failed the applicant is entitled to a contribution towards its costs. I order the opponent to pay the applicant the sum of £600. This to be paid within seven days of the end of the period allowed for appeal.

Dated this 21 Day of May 2001

**Allan James
For the Registrar
The Comptroller General**