

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATIONS No. 2146004A  
AND No. 2146004B BY DONUTS & COMPANY LIMITED  
TO REGISTER FIVE TRADE MARKS IN CLASSES 30, 32 AND 42

AND IN THE MATTER OF OPPOSITIONS THERETO UNDER  
Nos. 48878 & 48883 BY DUNKIN' DONUTS INC.

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## DECISION

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### Introduction

1. On the 25<sup>th</sup> September 1997, Donuts & Company Limited (“the Applicant”) applied to register a series of five marks. The application was 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 No. 2146004A consist of two word marks in ordinary script, namely DONUTS & COMPANY and DONUTS & CO, and the logo mark shown below:



3. This third logo 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 No. 2146004B consists of the mark shown below in black and white and in colour. In the coloured version the background appears in black and white and there is a rectangular border for the word element which appears in pink. The colours pink, black and white are claimed as an element of this second mark in the series.



5. The specification of goods and services is the same for both applications and includes a wide range of goods in Classes 30 and 32, including bakery products and doughnuts and a variety of services in Class 42, including bar, cafeteria, café and snack bar services.

6. On the 5<sup>th</sup> August 1998 Dunkin' Donuts Inc., of Massachusetts, USA ("the Opponent") filed Notices of Opposition to the proposed registrations. So far as material, they contained the following grounds of opposition:
  - (a) The trade mark applications were filed in bad faith and therefore should be refused under section 3(6) of the Trade Marks Act 1994 ("the Act").
  - (b) The Opponent's mark DUNKIN' DONUTS had been used either by the Opponent or by franchisees in the United Kingdom in respect of doughnuts and related foodstuffs since at least 1985.
  - (c) The trade marks, the subject of the applications, should not be registered because their use was liable to be prevented by the law of passing off. Accordingly the trade marks applied for should be rejected in accordance with the provisions of section 5(4) of the Act.

#### The decision of the Hearing Officer

7. The matter came on for hearing before Mr. Allan James, the Hearing Officer acting for the Registrar, and in his written decision dated the 21<sup>st</sup> May 2001 he concluded that the oppositions failed.
8. In relation to the ground of objection under section 5(4)(a), the Hearing Officer found that the evidence of the Opponent established that it had acquired a reputation and goodwill in the UK at the relevant date under the DUNKIN'

DONUTS name. Nevertheless, he found that the differences between the respective marks were sufficient to avoid confusion and deception amongst a substantial number of persons and that accordingly the opposition under section 5(4)(a) failed.

9. In relation to the objection under section 3(6), that the applications were made in bad faith, the Hearing Officer was not prepared to accept that the similarities between the Applicant's marks and the Opponent's mark were such that it was proper to infer that the Applicant adopted its marks with an intention to deceive, and there were no other grounds which justified a finding of bad faith.

#### Appeal to an Appointed Person

10. In May 2001 the Opponent gave notice of an intention to appeal to an Appointed Person under section 76 of the Act. On the appeal Mr. Engelman, instructed by Ms. Nelson, of Allied Domecq, appeared on behalf of the Opponent and Mr. Harbottle, instructed by Callaghans, appeared on behalf of the Applicant.
11. On the appeal Mr Engelman contended that the Hearing Officer fell into error in rejecting the allegation of bad faith and in failing to find that use of the marks applied for was liable to be prevented by the law of passing off. It was submitted the applications ought to have been refused under sections 3(6) and 5(4) of the Act.

12. It was accepted by both parties before me that the correct approach of this Tribunal was to treat the appeal as a review rather than a rehearing and that the Appointed Person should follow the approach set out by Pumfrey J. in *South Cone Incorporated v. Jack Bessant and Others* (a decision of 25th July, 2001) at paragraph 6:

*"My approach will be as follows. Findings of primary fact will not be disturbed unless the hearing officer made an error of principle or was plainly wrong on the evidence. His inferences from the primary facts may be reconsidered, but weight will be given to his experience. No question of the exercise of a discretion arises. In this way, error will be corrected, but a different appreciation will not be substituted for that of the hearing officer if he has arrived at his conclusion without error."*

#### The Appeal under section 3(6) – Bad Faith

13. Mr. Engelman drew my attention to the judgment of Lindsay J in *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, and in particular to the following passage at page 379:

*"I shall not attempt to define bad faith in this context. Plainly this includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances."*

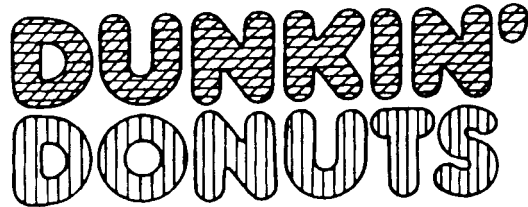
14. Mr. Engelman submitted that the Hearing Officer fell into fundamental error in considering the issue of bad faith in failing to recognise that it was not a pre-

requisite to a finding of bad faith that the Opponent succeeded under section 5(4)(a) on the question of confusion or deception. Furthermore, it was submitted, the Hearing Officer ought to have found that the Applicant had an intention to deceive in adopting the marks the subject of the applications and, in any event, that the behaviour of the Applicant fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area in issue. Mr. Engelman elaborated these submissions by, first of all, referring to the history of the matter and secondly, by emphasising the nature of the similarities between the marks the subject of the applications and those used by the Opponent and its franchisees.

15. The material aspects of the history, as found by the Hearing Officer, are as follows. The moving force behind the Applicant is a Mr. Kevin Rogers. Mr. Rogers owned for some time a company called Dunkin' Donuts UK which, for a number years until 1997, held a franchise under the DUNKIN' DONUTS mark and within the territory enclosed by the M25 motorway. In 1997 the parties fell out and Mr Rogers gave notice that the relationship between the parties would come to an end at the end of 1997 or early in 1998. After such notice was given, the Applicant applied to register the marks in suit, no doubt, as found by the Hearing Officer, with the intention of carrying on a similar business to that previously operated as a franchisee of the Opponent.

16. The Hearing Officer further found (in paragraph 21 of the decision) that the indicia used to identify the DUNKIN' DONUTS operation in the UK were the words DUNKIN' DONUTS in a form of script, with the word DUNKIN' in

orange and the word DONUTS in pink. A typical illustration of the style of use is provided by the Opponent's registered trade mark illustrated below:



17. In addressing me in relation to the allegation of bad faith, Mr. Engelman focussed on the third mark the subject of application No. 2146004A, which consists of a logo with the word DONUTS & COMPANY in a form of script, the word DONUTS predominating, with the letters appearing in white on a pink rectangular background.

18. I turn then to consider the criticisms levelled by the Opponent at the decision of the Hearing Officer. Mr. Engelman drew my attention to the following paragraphs of the decision:

“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) and/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.”



19. Mr. Engelman submitted that in these paragraphs of his decision the Hearing Officer wrongly reached the conclusion as a matter of law that there could be no finding of bad faith under section 3(6) in the absence of a finding of deceptive intent or that the marks in issue were so similar as to be likely to cause confusion.
  
20. If the Hearing Officer had reached such a conclusion then I believe that Mr. Engelman's criticism would have had substance. However I do not accept that that is what the Hearing Officer did. In the paragraphs of his decision set out above I have no doubt that the Hearing Officer made no such general finding. On the facts of this case the Hearing Officer concluded that if there was no intention to deceive and if the marks in issue were not such as to give rise to a likelihood of confusion or deception, then the bad faith objection could not succeed.
  
21. In reaching his conclusion the Hearing Officer observed that 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) and 5(4)(a) by basing their case 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. The Hearing Officer observed that such attempts should be rejected. I agree. The mere fact that the mark of an applicant bears some similarities to the mark of an opponent cannot, without more, amount to bad faith.

22. I must now consider the grounds relied upon by Mr. Engelman in support of the allegation of bad faith. First, Mr. Engelman submitted that the Hearing Officer should have found that the Applicant had an intention to deceive. In support of this submission, Mr Engelman relied on the fact that the applications were made by the Applicant while the franchise agreement was subsisting and in the knowledge of the mark used by the Opponent. He also relied upon the similarities between the marks of the Applicant and the mark of the Opponent. He identified those similarities as the spelling of the word DONUT, the use of the colour pink and the use of a similar font.
23. In my judgment the Hearing Officer was right to reject the allegation that the Applicant adopted its marks with an intention to deceive, as he did in paragraph 39 of the decision. I arrive at that conclusion for all the following reasons. First, for the reasons elaborated by Mr. Simon Thorley Q.C, sitting as the Appointed Person in *Royal Enfield Trade Mark*, a decision of the 27<sup>th</sup> July 2001, an allegation that a trade mark has been applied for in bad faith is a serious allegation and should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved, and this will rarely be possible by a process of inference.
24. In the present case, although it is fair to say that the Statement of Grounds did raise the ground of bad faith, there was no elaboration of the allegation at all and, in particular, no suggestion that the Opponent proposed to rely upon an assertion that the Applicant had an intention to deceive. Moreover, there was no such suggestion in the evidence filed on behalf of the Opponent. The

matter was, apparently, first raised during the course of oral submissions before the Hearing Officer.

25. Secondly, I did not understand Mr. Engelman to rely before me upon any matters as justifying a finding of an intention to deceive further to those which he brought to the attention of the Hearing Officer. The Hearing Officer recited the matters relied upon by Mr. Engelman and nevertheless concluded that the similarities and other circumstances were not such that it would be appropriate to infer that the Applicant adopted the marks in issue with an intention to deceive. In the circumstances, I am not able to detect here any error in approach by the Hearing Officer. Furthermore, I believe it would have been wrong for him to arrive at the contrary conclusion in the light of the way the matter proceeded to a hearing before him.

26. Thirdly, the Hearing Officer had well in mind the similarities between the marks of the Applicant and the mark of the Opponent. He noted that while the Applicant's mark was represented in a similar font to the mark of the Opponent, the respective fonts were not in fact the same and there was no evidence that the font used by the Opponent was distinctive. He also noted that the mark of the Opponent was generally represented in orange and pink lettering and there was no evidence that the colour pink *per se* was used to distinguish the goods of the Opponent before the relevant date, let alone that it actually became distinctive through use. As to the word and spelling DONUT, the Hearing Officer noted that it appeared in the 1993 edition of the New Shorter Oxford English Dictionary as an alternative spelling to

'Doughnut', indicating that, by the relevant date, the spelling DONUT had at least some currency in this country. Furthermore, there was some evidence that the Opponent itself used the word DONUT descriptively. In the light of all these matters the Hearing Officer rejected the allegation of deceptive intent and I believe he was right to do so.

27. Finally therefore, I turn to the third submission made by the Opponent, namely that, even absent an intention to deceive, the circumstances of this case justified a conclusion that the behaviour of the Applicant fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area in issue. Here, Mr. Engelman emphasised that the categories of bad faith are not by any means closed and that the Applicant should have taken steps to distance itself from the business of the Opponent. Far from doing that, it was submitted, the Applicant had deliberately adopted the similar features which I have identified above of the font, spelling of the word DONUT and the colour pink.

28. For my part, I do not think that these features are, in themselves, enough to amount to bad faith. There is no suggestion in this case that the Applicant has applied for the marks in breach of the franchise agreement and accordingly it must be assumed that the Applicant is entitled to trade in the goods the subject of the applications and under marks which are not deceptively similar to those of the Opponent. Again, provided the marks are not so similar as to give rise to a likelihood of confusion, I do not see it objectionable that they share some features in common. I agree with the Hearing Officer when he concluded that

he could see no reason why mere similarity, coupled with the existence of an earlier franchise agreement should present grounds for the refusal of marks which would otherwise be acceptable.

Section 5(4) – Passing Off

29. The Hearing Officer concluded that the Opponent had failed to make its case out. He found that the differences between the respective marks was sufficient to avoid confusion and deception amongst a substantial number of persons. I should also note that the Hearing Officer concluded that an objection under section 5(2) of the Act was no better from the Opponent's perspective. I did not understand Mr. Engelman to challenge that aspect of the conclusion.
30. The criticism levelled at the decision of the Hearing Officer was that he ought to have found that the marks were applied for by the Applicant with deceptive intent and that in the light of that he should have found that the use of the marks applied for would indeed be likely to cause deception.
31. I have already considered the criticism that the Hearing Officer wrongly failed to find that the marks were applied for with deceptive intent. For the reasons I have set out, I reject that criticism.
32. In all these circumstances, I believe that the Hearing Officer was entitled to come to the conclusion that he did.

Conclusion

33. I have therefore reached the conclusion that the Hearing Officer was justified in dismissing the opposition. I believe that he was right to do so. The appeal therefore fails. I order the Opponent to pay to the Applicant the sum of £600, to be paid on the same basis as ordered by the Hearing Officer.

DAVID KITCHIN, Q.C

30<sup>th</sup> January 2002