

**Neutral Citation Number: [2003] EWHC 2902 (Ch)**  
**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 3 December 2003

**Before :**

**THE HONOURABLE MR JUSTICE LADDIE**

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**IN THE MATTER OF**  
**AN APPEAL TO THE HIGH COURT**  
**UNDER SECTION 76 TRADE MARKS ACT 1994**

**IN THE MATTER OF UK Trade Mark Registration No 2111700**  
**in the name of DIXY FRIED CHICKENS (EURO) LIMITED**

**- and -**

**Application No: 12056 for a declaration of invalidity thereto by**  
**DIXY FRIED CHICKEN (STRATFORD) LIMITED**

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**Mr Simon Malynicz (instructed by Leathes Prior) for Dixy Fried Chickens (Euro) Limited**  
**Mr George Hamer (instructed by Blake Laphorn Linnell) for Dixy Fried Chicken (Stratford)**  
**Limited**

Hearing dates: 26 – 7 November 2003  
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Judgment

**Mr Justice Laddie:**

1. This is an appeal from a decision (“the Decision”) of Mr Mike Foley for the Registrar of Trade Marks dated 29 May 2003 in which he declared invalid Trade Mark Registration No 2111700. The mark consists of a line drawing of a cartoon-style smiling chicken’s head and the words “DIXY FRIED CHICKEN”. The mark is registered in Class 29 in respect of “Chicken and Chicken products.” The registered proprietor is Dixy Fried Chickens (Euro) Limited (“Euro”).
2. The declaration of invalidity was sought by a company called Dixy Fried Chicken (Stratford) Limited (“New Stratford”). The moving spirit behind that company is Mr M S Akhtar. The grounds originally relied on were those under s. 3(1)(a) and (d), 3(6) and 5(4)(a) of the Trade Marks Act, 1994 (“the Act”). All of these failed before Mr Foley save for that under s 5(4)(a). There is no respondent’s notice.
3. S 5(4)(a) provides:

“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.”
4. An applicant for a declaration of invalidity under this provision can rely upon an allegation of passing off based on the use by a third party of an unregistered trade mark. Mr Foley appears to have understood New Stratford to be relying only ON its own earlier rights (see the Decision para 3). Before me, and without strong objection from Mr Malynicz who appears for Euro, Mr Hamer, who appears for New Stratford, expanded this to a reliance on the reputation in the mark allegedly owned by Mr Akhtar personally. This is not surprising since New Stratford was not incorporated until after the date of application for the mark in suit. Nor does this represent a significant departure from what was argued before Mr Foley, since he also was concerned with the alleged reputation acquired by Mr Akhtar which, it was said, had been passed to New Stratford. Mr Hamer made it clear that before me no reliance was placed on the reputation in the mark and passing off rights, if any, which might be owned by third parties.
5. Before turning to consider the issues arising on this appeal, I should say something about the way this case has been put together and was conducted prior to this appeal. As is well known, the Registry adopts a fairly relaxed attitude to the service of evidence. Whether it is right to do so is not in issue before me. However, acquaintance with these standards could not prepare one for the evidence in this case. It is a shambles. A considerable volume of paper has been produced, much of it irrelevant to the issues, a lot of IT inadequate and all in a disorganised state. Mr Foley was faced with trying to extract some sort of coherent story from this material. His task was not made easier by the fact that before him New Stratford was represented by Mr Akhtar personally. Mr Hamer was

only instructed on the appeal in the last couple of weeks. He has obviously tried manfully to produce a self-consistent argument from the material in this case. In some respects that has involved him in changing the arguments from those advanced by Mr Akhtar. That was necessary because some of those arguments appear to have little or no substance. To some extent this change in position led Mr Hamer to advance a case which was different to that with which Mr Foley was faced. Although I gave Mr Hamer as much leeway as I could, this did not extend to allowing the introducing new arguments which are dependent on facts which have not been adequately canvassed in the evidence already filed.

6. There are a number of short legal issues which should be considered first. There is no dispute between the parties that the onus lies on the respondent, New Stratford. Once registered, a trade mark is presumed to be valid. It is for this respondent to prove otherwise. When a s. 5(4)(a) attack is being run, the attacker must prove on a balance of probabilities that the use of the mark can be prevented by an action for passing off. As Pumfrey J explained in *REEF Trade Mark* [2002] RPC 19, the Registrar is entitled to receive sufficient evidence at least to raise a prima facie case that the attacker's reputation extends to the goods comprised in the specification of goods for the registered mark. He also said:

“Thus evidence will include evidence from the trade as to reputation; evidence as to the manner in which goods are traded or the services supplied; and so on.” (para 27)

7. In other words, mere assertion is not enough. Before one can invalidate a registration and thereby deprive a trader of his exclusive rights, one must produce relevant credible evidence of sufficient weight. This is the same as the requirement for a “genuine and properly substantiated likelihood of confusion” referred to in *WILD CHILD Trade Mark* [1998] RPC 455.
8. The requirement for proper substantiation becomes particularly important in this case because one of the arguments advanced on behalf of New Stratford was that a franchise agreement relied upon by Euro in its evidence was a forgery. This is a strong allegation and one from which Mr Hamer did not resile. The authorities which discuss the burden of proof when such allegations are raised are well known. They include *Hornal v Neuberger Products Limited* [1957] QB 247. The stronger the allegation, the better the proof needed. Furthermore, when allegations like this are made, not only must it be clear what is said to be forged but the indicia of that forgery must be identified so that the party against whom the allegation is made has a proper opportunity to respond. Mr Hamer accepted that these were well known propositions but he said that in applying them in these proceedings it had to be borne in mind that the procedures adopted in the Registry are “cheap and straightforward” and that I should bear in mind that Mr Akhtar is not a lawyer and was conducting the case himself.
9. No doubt these factors are to be borne in mind, but I do not accept the suggestion which lies behind this submission that the level of proof is to be lowered to some extent in

Registry proceedings and where strong allegations of wrongdoing are made by non-lawyers. The approach adopted in *Hornal* is designed to be fair to the party alleged to have acted improperly. That need to be fair is not reduced by the nature of the tribunal or the expertise of the person making the allegations.

10. There is one other point which should be mentioned. At one stage in the hearing before me, there appeared to be a dispute between the parties as to the correct date at which the issue of passing off should be assessed. Mr Malynicz said that there was no conclusive authority on the point. It seems to me that the date must be the date upon which the application for registration is made. What counts is whether at that time the mark's use "is liable to be prevented". What happened before may well be relevant to determining whether, at the date of registration, the use of the mark is liable to be prevented. For example, years of happy co-existence between the mark to be registered and another similar mark owned by another trader may mean that, for reasons of laches or delay, the latter could not be used successfully as the basis of a passing off action against the former. The date of application in this case is 27 September 1996.
  
11. It is difficult to give a précis of the s 5(4)(a) case as originally put before Mr Foley. However, it appears that the following steps were involved. On Euro's side it was said that it and a predecessor in title, Dixy Fried Chickens (GB) Limited ("GB"), had carried on a franchise fast food business since the mid-1980's under and by reference to the trade mark. Each franchisee was licensed to use the mark but on terms which ensured that the reputation and goodwill accrued to the franchisor, that is to say GB or Euro. In fact GB was dissolved in the mid 1990's and, it was said, its reputation and goodwill passed to Euro which had been incorporated on 8 October 1993, that is to say before GB's dissolution.
  
12. The respondent's case was directed at showing that it had a reputation in the market before any relevant reputation acquired by Euro. New Stratford was only incorporated on 17 November 1997, well after the date upon which the application for registration was made. However it was said that it had originally been incorporated on 3 October 1991 ("Old Stratford") and had commenced trading on 13 March 1992 from 22 West Ham Lane, Stratford. Old Stratford was dissolved on 18 July 1995. It was alleged that New Stratford was a "re-registration" of Old Stratford and owned all the reputation and goodwill which the earlier company had owned. It was Old Stratford which sold fast food under the mark. Additionally it was said that Mr Akhtar had first acquired the West Ham Lane premises on 1 June 1989 and had traded from there under the mark. It was also said that Mr Akhtar had purchased a freehold property at 48 Station Road, Chingford on 1 September 1993. With the freehold he also acquired the goodwill of a fast food restaurant trading under the trade mark which restaurant had been operated in those premises by a Mr Raja. It was said that Mr Raja had traded under the mark from those premises since 1986.
  
13. It is significant to notice that the only two restaurants in which it was said that Mr Akhtar, New or Old Stratford used the mark were those located at West Ham Lane and Station Road.

14. The Statement of Grounds filed by New Stratford also said that Mr Raja had withdrawn an opposition to the registration of the mark because, so New Stratford believed, he had been “blackmailed or bribed” by Euro and “forced” to sign a letter of withdrawal of the opposition. It went on to allege that Euro had committed other “serious crimes”, including criminal damage.
15. Euro denied these allegations and, amongst other things, disputed that Mr Raja had any transferable goodwill in the mark. On the contrary, although it was accepted that Mr Raja had the right to operate a fast food restaurant under and by reference to the mark, it was said that this was all done pursuant to a franchise agreement dated 18 August 1986 (“FA 86”) between Mr Raja and GB according to the terms of which the goodwill in the business vested in GB. A copy of FA 86 was exhibited to the proprietor’s evidence. New Stratford denied that Mr Raja was a franchisee. Although the word was not used, it is clear that New Stratford was asserting that the FA 86 was a forgery. That has been confirmed by Mr Hamer. As noted above, he continues to assert this. Various other allegations were made. To the extent that it is necessary to do so, I will refer to them later.
16. As I have said, the evidence in this case is confused and confusing. Mr Malynicz took me, with considerable care, through such parts as might be relevant to any issue I have to decide. He drew my attention to scraps of information which, he said, were the best one could find to support or throw light on the facts in dispute. He also tried to impose some order on the evidence by considering separately the case made out in relation to the Station Road and West Ham Lane premises. I will adopt the same approach.

**(a) Station Road**

17. As noted above, Euro alleged that Mr Raja was operating a fast food restaurant at Station Road under the FA 86. This is important because the FA 86 contains clear provisions to the effect that all goodwill generated in the business belonged to GB. If so, it was not open to Mr Raja to sell it to Mr Akhtar, as the respondent alleges.
18. It appears that Mr Foley accepted Mr Akhtar’s suggestion that the FA 86 was a forgery. I can see no basis for this finding. Mr Hamer, on the second day of the appeal and after prompting from me, produced a list of features which were said to indicate lack of authenticity. The major points are set out below. The Mr Mahmood referred to is a director of Euro who served evidence in the proceedings:

“4. It is not known how the exhibits which contain the alleged FA 86 came to be compiled. It may have been from a loose-leaf file. It may have been a draft, produced in the hope that Raja might sign it. Note that the other exhibit of the alleged FA 86 does not contain the signature page. That exhibit is consistent with it being a copy of a draft.

5. Further, unlike in the other Franchise Agreements, there is no date on page 1, nor is there a named site for “location” - further indications that this is may well be a draft.

6. The last page ... may be from another franchise agreement, where Raja signs as a director on behalf of GB - one indication that this may be so is that he signs over the company seal, the other signatory does not. A second is that in nearly all of the other Franchise Agreements the first signatory is the franchisor, not the franchisee ... A further indication is that the other signatory does not appear to be a director of GB.

7. Another indication that the FA 86 is not what it appears to be is that the front page is clearly a photocopy of 2 documents: there is an obvious split just above the name Moin Raja.

8. Mr Mahmood’s evidence is without detail on the issue: he simply exhibits the alleged FA 86. He did not sign it and there is no suggestion that he was present at the signing. It is simply a document he produces. Bank statements showing the payment by Raja of royalties would obviously have supported the claim very strongly. No such documents have been produced.

9. When Mr Mahmood instructed “Legal Connections” to write the letter of 6<sup>th</sup> November 1997 to Mr Raja, threatening proceedings for passing off, he clearly did not produce the FA to them or even tell them about it, or they would have claimed royalties, not threatened a claim in passing off. Again, this is consistent with there being no FA 86 with Raja at the time.

10. It is to be noted that the date on a Franchise Agreement does not necessarily indicate the date of signature: see AM Sup 8 134/65,66, where Mr Mahmood signs with the date of 21/8/2000 and the agreement is dated 1/9/2000.

11. Likewise the oppositions by Raja to the trade mark applications are inconsistent with his being a franchisee. As such, he would be likely to approve registration, in order to protect his business from third parties using the mark. Why he would actively oppose if he were a licensee is a mystery. The same applies to all the other supposed franchisees who opposed or supported the oppositions.”

19. Besides the fact that almost none of these points were raised by Mr Akhtar in the pleadings or evidence, there is nothing in them. For example, I do not think it is possible to say that the cover page is clearly a photocopy of two documents. There is no forensic

evidence to this effect. Furthermore it is by no means clear what would have been the consequences if this was produced from two documents. Further, it is impossible to draw any inferences from the signatures and the existence of a blank where the location of the franchised restaurant was supposed to be inserted in the agreement. The identity of the relevant premises is clear from the front page of the agreement. The blank may well be due to nothing more sinister than carelessness on the part of the draftsman. This material gets nowhere near making out a case of forgery. At the most, it raises questions which merit proper investigations or answers. There has been no proper investigation here and there can be no question of answers because none of these points were put to Euro. I would only add that Mr Foley also relied on an additional point relating to another franchise agreement (not the FA 86) which was not only not put to Euro but, so I am told, was not raised by Mr Akhtar at the hearing. It appears to have been raised by Mr Foley himself for the first time in the Decision.

20. For the above reasons, there is insufficient material to challenge the authenticity and effect of the FA 86. To the extent that trading as DIXY FRIED CHICKEN took place at the Station Road premises – and there is no evidence as to the extent of such trade, how it was carried on or its impact on customers – the goodwill generated did not belong to Mr Raja. Thus the agreement of 1 September 1993 in which he purported to sell the Station Road premises and the goodwill in the business to Mr Akhtar was incapable of transferring any goodwill relating to the trade mark. However the latter agreement is of use because it shows that Mr Akhtar was not trading from the Station Road premises before 1 September 1993. If he is going to make out a case of passing off against the use of the appellant's mark, it must be based upon reputation generated by him from 1 September 1993 to the date of application for the registration.
21. On this issue the guidance given in *REEF Trade Mark* should be kept in mind. There is no evidence of the extent of trading in this period from Station Road, or of the manner of trade or of reputation generated. In this respect it is to be noted that the respondents did exhibit copies of the boxes in which it is said various of their restaurants sell chicken-based fast food under the mark. Each appears to have printed on it the address of the restaurant in which the packaging is used. There do not appear to be any such boxes relating to Station Road. In my view it is not proved that there was any or any sufficient reputation in the mark to support an allegation of passing off.

**(b) West Ham Lane**

22. The facts relating to these premises are, if anything, more obscure than those relating to Station Road. As indicated above, the Statement of Grounds alleges that Old Stratford commenced trading from the restaurant on 13 March 1992 and that Mr Akhtar was the sole shareholder in that company. However the evidence goes further than the pleaded case. In particular it is said that Mr Akhtar and Mr Raja acquired the premises in 1989 and began trading there under the trade mark in partnership. This was the subject of considerable dispute between the parties. It was said that there was no partnership, only Mr Raja was carrying on whatever business was being conducted at the premises, and that Mr Raja could not have entered into such a partnership because FA 86 should be

construed as covering the West Ham Lane location and, if so, Mr Akhtar had no entitlement to pass any goodwill to his partner.

23. It is not necessary to resolve these issues because it is Mr Akhtar's case that, whatever the true position, Old Stratford took over the premises from him by virtue of an agreement entered into between them dated 16 May 1992. That agreement has been exhibited. I need not dwell on the question of how Mr Akhtar could assert, as he does in the agreement, that he was "solely entitled to the goodwill" in the fried chicken take away service operated from the premises if, as he also asserts, such goodwill was generated and owned by him and Mr Raja in partnership.
24. In any event, from May 1992, according to the respondent, all the goodwill generated by use of the mark in that restaurant belonged to Old Stratford. Once again, there is virtually no evidence of the nature, extent or trade mark impact of any such trade. As noted above, Old Stratford was dissolved on 18 July 1995. It was asserted that, in some way, the reputation and goodwill in the mark (assuming there was any) migrated to New Stratford, the respondent, when the latter was incorporated some two and a half years later. The way this is supposed to have happened appears in a skeleton argument prepared by Mr Akhtar for this appeal which was served before Mr Hamer was instructed. It says:

"Despite the profusion of companies and some confusion caused thereby, the goodwill from 1986 and particularly from 1989 was transferred orally or otherwise and eventually passed to the Respondent."
25. The suggestion that there was an oral transfer was raised for the first time in this skeleton. It is unsupported by any evidence either as to the parties, the terms or when it was alleged to have been made. What is meant by "or otherwise" was not explained. At one stage I understood it to be argued that, since Mr Akhtar and his wife were the shareholders in Old Stratford, the surplus assets of the company automatically passed to them on dissolution, a proposition for which there appeared to be no basis in law.
26. A possible way round this which was advanced by the respondent was to suggest that Mr Akhtar was himself a franchisee and had franchised a Mr Aglia Iqbal Ahmed to operate a fast food restaurant under and by reference to the trade mark from, inter alia, the West Ham Lane premises. This argument proceeds by the following steps. First, the May 1992 agreement with Old Stratford was determined. That resulted in the goodwill passing back to Mr Akhtar. Then he entered into a franchise agreement with Mr Iqbal Ahmed so that all the goodwill generated by the latter individual ended up with Mr Akhtar.
27. This sequence breaks down at every stage. Consider first the argument that the agreement between Old Stratford and Mr Akhtar dated 16 May 1992 was terminated. The termination provision in that agreement is in the following terms:



“(D) This agreement shall continue in full force unless and until determined by one month’s notice in writing from either part to the other delivered or sent to the last known address (or in the case of the Company last known registered office.”

28. It is not suggested that any such notice was served by either contracting party. Furthermore, even if it were to be argued that there must have been an implied determination of the contract when Old Stratford was dissolved, that did not happen until July 1995 whereas this chain of transmission of the goodwill had to take place in May 1994, because that is the date of the contract with Mr Akhtar. Furthermore, this argument is inconsistent with the respondent’s other argument that goodwill was retained by Old Stratford until its dissolution in July 1995.
29. Even assuming that, in some way, the goodwill, if any, was passed back to Mr Akhtar, it is difficult to see how he gets his franchise argument off the ground. Inherent in this part of the respondent’s case is the acceptance that neither Mr Akhtar nor New Stratford (which did not exist in 1994) were trading at West Ham Lane from May 1994 onwards. That is confirmed by the terms of the agreement between Mr Akhtar and Mr Ahmed of 30 May 1994, which is said to be the relevant franchise agreement. The latter is an agreement between Mr Akhtar, as the owner of various items of machinery and Mr Ahmed as hirer. The two most significant clauses are as follows:

“1. The Owner lets and the Hirer hires all the machinery tools utensils and goods described in the Schedule I and Schedule II (“the Goods”) from the date hereof for a period of one year or until the hiring is determined as provided herein.

2. The Owner allows the Hirer to run a fast food business under the style of “DIXY FRIED CHICKEN” or any other style which is acceptable in law from the following premises hereinafter called “THE PREMISES”

22 WEST HAM LANE STRATFORD LONDON E15

51 WEST GREEN ROAD TOTTENHAM LONDON N15”

30. It will be seen that the contract is stated to last for a year. Apparently it was extended although for how long is not clear. The agreement contains no obligation on Mr Ahmed to use the trade mark nor any provision that any goodwill generated by any such use should belong to Mr Akhtar either during the term of the contract or after its expiry. In fact the only clause which deals with what happens when the contract expires provides that Mr Akhtar can retake possession of the machinery and the premises. This is not a franchise agreement.

31. In addition, it is clear from the terms of the agreement that Mr Ahmed could use whatever trade marks he liked. Consistent with the rest of the case, there is no evidence showing the extent to which Mr Ahmed used the trade mark in suit, if at all, or the manner of such use.
32. In my view this material gets nowhere near making out a prima facie case of the likelihood of passing off as described in *REEF Trade Mark*. It follows that the s 5(4)(a) ground has not been made out.
33. Before terminating this judgment, I should mention that Mr Hamer also sought to rely on trading under the mark which he said had been conducted by Mr Akhtar from premises in St Mary's Lane and West Green Road. Neither of these was pleaded or specifically singled out for consideration in the evidence. In the circumstances, it is not surprising that Mr Foley did not highlight them in the Decision. Nor are they referred to in any appeal documents. There is no evidence of when trading started at the St Mary Lane premises or its nature and extent. As far as the West Green Road premises are concerned, these are covered by the agreement between Mr Akhtar and Mr Ahmed referred to above. I have already explained why this does not create a franchise. The only document drawn to my attention to show trading under the trade mark from this site is an invoice in the sum of £153.10 for the supply by the London Borough of Haringey of 20 trade refuse bags on 25 November 1992. Once again, even had these premises been pleaded, there is insufficient evidence to demonstrate that a protectable goodwill in the trade mark was generated.
34. For the above reasons, the appeal is allowed.