

Frank Yu Kwan Yuen v. McDonald's
Corporation, McDonald's Restaurants Limited
CH/2001/APP No. 183

High Court of Justice Chancery Division

Ch D

Before: The Honourable Mr Justice Neuberger

Tuesday 27th November, 2001

Introduction

1. This is an appeal brought by Mr Frank Yu Kwan Yuen ("the applicant") against a decision given on 1st February 2001, by Mr. Mike Foley, a Hearing Officer at the Trade Marks Registry. The Hearing Officer declined to accede to the applicant's application for registration of the Trade Mark "McCHINA", in light of the opposition of McDonald's Corporation and McDonald's Restaurants Limited (together "the opponents").

2. The applicant's application to register the mark McCHINA was made on 10th June 1992, and it was in respect of the following goods, namely:

Class 29 Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; prepared meals consisting wholly or principally of the aforesaid foodstuffs; all included in Class 29.

Class 30 Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking powder; salt, mustard; vinegar, sauces, salad dressings; spices; ice; prepared meals consisting wholly or principally of the aforesaid foodstuffs; all included in Class 30.

Class 31 Fresh fruits and vegetables; edible seeds; all included in Class 31.

Class 42 Restaurant services included in Class 42.

3. As the application was made in 1992, it is the provisions of the Trade Marks Act 1938, and not those of the Trade Marks Act 1994, which apply (see paragraphs 10 and 11 of Schedule 3 to the 1994 Act). Before me, as before the Hearing Officer, the opponents contend that registration should be refused by virtue of section 11 and/or section 12(1) of the 1938 Act. These two sections provide as follows:

"11. It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

"12. --

(1) ... [N]o trade mark shall be registered in respect of any goods or description of goods that is identical with or nearly resembles a mark belonging to a different proprietor and already on the register in respect of:

(i) the same goods,

(ii) the same description of goods, or

(iii) services or a description of services which are associated with those goods or goods of that description.

4. The goods and services in respect of which the applicant sought to register its marks were, in general terms, food and restaurant services, but the applicant was prepared to agree a condition that it should be limited to Chinese style. Before the Hearing Officer, the point was taken that conditions were no longer applicable as a result of the transitional provisions of the 1994 Act. The applicant met that point by offering to limit the specification of goods to Chinese style food and Chinese style restaurants, thereby reflecting the effect of the proposed condition, an offer he still maintains.

5. The opponents' case before the Hearing Officer was essentially based on their established rights, both by registration and by use, of their marks, including McDONALD's, MACDONALD's, MAC and certain other words having the prefix Mc, in the fast food business. The Hearing Officer rejected the opponents' case

under section 12, but accepted it under section 11; consequently he dismissed the application to register mark McCHINA. The applicant challenges the Hearing Officer's refusal to grant registration under section 11, and the opponents challenge the Hearing Officer's rejection of their case under section 12.

Procedure

6. By virtue of CPR 52.11 and paragraph 9.1 of Practice Direction on Appeals, an appeal to the High Court from the decision of a Hearing Officer (like most appeals) normally involves a review of the decision, rather than a re-hearing. However, in an appropriate case, the appeal can be by way of re-hearing. In this connection, see the observations of Pumfrey J in Reef TM (unreported, 25th July 2001 at paragraphs 3 to 6). This conclusion is also supported by Tanfarn -v- MacDonald [2001] 1 WLR 1316 at paragraphs 30-33 per Brooke LJ. The position is to be contrasted with an appeal from the Comptroller of Patents as analysed by Jacob J in Thibierge & Comar SA -v- Rexam CFP Ltd (unreported, 1 November 2001 at paragraphs 5-12)

7. In support of his attack on the Hearing Officer's decision under section 11, the applicant relies heavily on the fact that the Hearing Officer took into account evidence of a survey in another case before another hearing officer, involving an application to register the mark McINDIANS over the objection of the same opponents as in the present case. That survey ("the McIndians survey") was not adduced in evidence before the Hearing Officer in this case. Accordingly the applicant and his representatives had no opportunity to examine the primary documents, or indeed any documents, relating to that survey, to call evidence about it, to cross examine on it, or even to argue about it. Indeed, the opponents did not rely on or even refer to the McIndians survey before the Hearing Officer.

8. Mr Christopher Morcom QC, who appears on behalf of the opponents, very properly accepts that he cannot defend the reliance of the Hearing Officer on the McIndians survey. Given that it

was not referred to during the hearing, the Hearing Officer should have had no regard whatever to that survey. It seems likely from the terms of his decision that the Hearing Officer did not merely have regard to the McIndians survey: he derived significant assistance from it in reaching his conclusion that registration should be refused under section 11.

9. In these circumstances, when considering the applicant's appeal in relation to the decision under section 11, there are, at least in principle, three courses open to me. The first is to treat this appeal as a review of the decision, and come to a conclusion as to what the Hearing Officer's decision would have been, if he had not taken into account the McIndians survey, and then to review that notional decision. The second course is to treat this appeal in relation to section 11 as a re-hearing, taking into account all the evidence which was available to the Hearing Officer, but ignoring the McIndians survey. The third course is to remit the question, of whether registration should be refused under section 11, for a re-hearing. Which of those courses is appropriate, in a case where the inferior tribunal has taken into account evidence which should not have been taken into account, must depend upon the facts and circumstances of each particular case.

10. The first of the three options could be said to accord best with the basis upon which an appeal should normally be conducted. However, it is a course which is normally very difficult to adopt. Unless the inferior tribunal has made it clear that the evidence which it should not have taken into account made no difference to the result or that that evidence was crucial to the result, it is difficult, often impossible, to know what the tribunal's decision would have been absent the impermissible evidence which it took into account. Even where the tribunal has expressed a specific view on the point, there is a real danger that, if the court limits itself to a review of a notional decision, the losing party will feel an understandable sense of grievance. Given that the appellate court has decided that the inferior tribunal's decision was tainted, the loser on the appeal may well feel that a review of the notional decision below is somewhat artificial and

represents something of a botched job.

11. The third option, namely sending the matter back for re-hearing, has the obvious disadvantages of further delay and further cost. If the appellate court can, without doing injustice to either party, determine the issue, then it seems to me that, at least in the absence of special factors, it is right that it should do so. In some cases, it will be impossible, and in that event the matter must inevitably be remitted to the inferior tribunal, often to be determined by a different person.

12. The second option available to the appellate court, namely to determine the issue itself on the admissible evidence available, is therefore, at least in most cases, the most attractive solution, and should therefore be adopted if possible. In the present case, it seems to me that it is the course that I should take. While it appears clear that the McIndians survey played a significant part in the Hearing Officer's decision on the issue under section 11, it is impossible to be confident what conclusion he would have reached on section 11 if he had not taken into account that survey. The way in which he expressed himself certainly gives some support to the applicant's contention that he was not particularly impressed with the opponents; evidence on the section 11 issue, without the benefit of the McIndians survey, and the mere fact that he apparently felt the need to refer to that survey when it was not in evidence before him could itself be said to support that view. On the other hand, the Hearing Officer certainly did not say in terms, or even impliedly, that he would have come to a different conclusion on the section 11 were it not for the McIndians survey. It is not as if there was no evidence to support the opponents' case on section 11 except for the McIndians survey.

13. When I expressed the view, during argument, that it would probably be right for me to determine the section 11 issue by way of rehearing, on the basis that all the relevant evidence before the Hearing Officer was available to me, Mr Henry Carr QC, who appears for the applicant, and Mr Morcom appeared to agree. However, there was no discussion as to the appropriate approach for me to adopt in relation

to the section 12 issue. On the one hand, treating that issue on its own, there would be no reason to depart from the normal approach, namely to deal with what amounts to the opponents' cross appeal on section 12 as a review. On the other hand, it might be argued that it could be a little unfair on the opponents that the applicant's appeal under section 11 should be by way of re-hearing, but the opponents' appeal under section 12 should be by way of review, given that an appeal normally will have a better chance of success if it is by way of rehearing than review. The unfairness could be said to be reinforced by the fact that the reason that the section 11 appeal is by way of re-hearing is through no fault of the opponents. Fortunately, I do not have to decide which approach I should adopt in relation to the opponents' cross appeal on section 12; I have considered the issue both by way of review and by way of rehearing, and, whichever approach is adopted, the result is the same. In light of the nature of the issue, that is perhaps not surprising.

The Evidence

14. The primary evidence before the Hearing Officer was within a relatively small compass, and it was not challenged to any substantial extent. The issues between the parties are and were more questions of inference and law, rather than of primary fact.

15. The opponents are part of the very well known McDonald's Corporation group, a group whose turnover in the UK was nearly £500m in 1991, the last full year prior to the relevant date. 50% of this turnover was attributable to the provision of restaurant services, almost exclusively through the very well known chain of fast food restaurants, in which the opponents were market leaders. The evidence showed that there were about 340 McDonald's restaurants in the United Kingdom prior to June 1992. In 1991, the McDonald's group spent nearly £23m on advertising, as a result of which its marks are very well known. Apart from the marks McDONALD S, MACDONALD'S, and MAC the Hearing Officer had evidence of literature, posters, packaging and publicity material using

the prefix Mc. Instances include BACON & EGG McMUFFIN, McRIB MEAL, FISH McNUGGETS, CHICKEN McNUGGETS and McB.L.T. Some of the names currently used by the opponents bear titles of an oriental nature, including CHICKEN McNUGGETTS SHANGHAI, ORIENTAL McRIB, and McFORTUNE COOKIE. However, the McDonald's oriental food range, and indeed the three names to which I have just referred, did not come onto the market after 1992. It appears from the evidence that it was not long after 1992, and before 1995, that the opponents started a Chinese style range of fast food, which included the use of these marks, largely under the style "Taste of the Orient".

16. There was also evidence of a survey ("the Survey") which the opponents commissioned from Taylor Nelson AGB plc ("Taylor Nelson"). The Survey was carried out by interviewers, who were supplied with a sheet containing three questions, each of which was followed by a number of possible answers into which the questioner had to fit the particular response. The first question was:

"Q1. What would be your immediate reaction or first thought, on hearing that a restaurant had recently opened in your area called McChina?"

There then followed eleven possible answers, including Nothing, Don't Know following which there was Other Answer.

17. The second question was this:

"Q2. If a restaurant called McChina was to open in your area would you see it as being part of an existing chain of restaurants?"

There were three possible answers, Yes, No, and Don't Know. The third question was:

"Q3. Which existing chain of restaurants do you see it as being part of?"

There were four possible answers, McDonald's, Other Chain of Restaurants, Don't Know, and Other Answer.

18. The Survey was carried out during the middle of March 1996, and the results were based on questioning a little over 2,000 people according to the report prepared by Taylor Nelson. In relation to the first question, of those questioned:

3% said McChina sounded like a McDonald's restaurant; 5% thought it was connected to McDonald's restaurants; 1% thought it was part of the McDonald's chain; 1% thought it was a Chinese/McDonald's.

19. In relation to the second question, 41% thought that McChina would be part of an existing chain of restaurants, and, of those, 70%, in answer to the third question, thought that the restaurant chain was McDonald's. Combining the responses to the second and third questions, Taylor Nelson extrapolated a result that 29% of those questioned believed that McChina could be part of McDonald's.

20. This Survey evidence was supported on behalf of the opponents by Mr David Greene, an associate director of Taylor Nelson AGB, with 15 years' experience of conducting surveys. The applicant called evidence from Mr Alan Wicken, who is a private consultant in connection with advising on research relating to passing off and trademark registration since 1990, before which he had worked in a number of different capacities in the AGB Research Group (as it then was) for 27 years.

21. The evidence also included a statement made in March 1999 from the manager of the opponents' restaurant in Camberley who had been there since about September 1997. He referred to the applicant's McChina restaurant nearby, and stated that in the six months prior to March 1999 he had received two telephone calls from different members of the public "asking if the McChina restaurant was in any way part of or accessible from the McDonald's restaurant" he manages.

22. In his evidence, the applicant explained that he came to England in 1967 and, sometime thereafter, he decided to sell what he called a new generation of Chinese food under the names McCHINA and Wok Away. He opened the first such restaurant, in Wimbledon, in 1991. The frontage of the restaurant has the name "McCHINA Stir Fried" or "MCCHINA Wok Away", with the letters M and W each designed to appear to be made up of four crossed chopsticks. By 1995, the applicant had prepared a

business plan identifying an intention that McCHINA should grow into a “large national fast food chain” offering Chinese food as an “alternative to hamburgers, pizza and chicken”.

23. So far as risk of confusion was concerned, different views were perhaps inevitably expressed, namely by the applicant himself and by Mr John Hawkes, the VicePresident of the opponents, who was their main factual witness. Mr Hawkes said that the use of the “Mc” prefix by the applicant in connection with a word, namely CHINA, which suggests food, and indeed its use in connection with a fast food restaurant business, would inevitably be associated by the public with the opponents’ McDonald’s name, business and reputation, and would therefore be seen as connected with, authorised by and/or approved by the opponents.

24. On the other hand, the applicant pointed to the fact that the get up he has consistently used for McCHINA is wholly different in style and colouring to the well known get up used by the opponents for the McDONALD’ S mark, and that the public would not be confused, nor would it assume that there was an association between the two marks or origins. He also said that there were two McDonald’s restaurants within one mile of his McCHINA restaurant, which was close enough to show up any confusion if there was any confusion, and he said that there was no evidence of any such confusion. He stated that he had adopted the “Mc” prefix to signify “son of”, and that this would be recognised by the public. Although I doubt that it has any relevance in these proceedings, the opponents commissioned a further survey from Taylor Nelson which identified that a negligible proportion of people connected the “Mc” prefix in McCHINA with “son of”. As Mr Carr points out, there was no allegation of bad faith or deliberate intention to deceive on the part of the applicant, so far as his selection of the name McCHINA was concerned: indeed, any such suggestion was specifically disclaimed by Mr Morcom before the Hearing Officer.

25. The evidence before the Hearing Officer included other facts, but I have limited my description of the factual evidence to that which

appears to me (and, indeed, judging by the arguments, appears to both counsel) to be relevant for the purpose of this appeal. The expert evidence from Mr Greene and Mr Wicken on the value of the Survey, is best dealt with when considering the arguments.

The Issues

26. As I have mentioned, the opponents oppose the registration of the applicant’s Mark under section 11 and under section 12. The Hearing Officer thought it convenient to consider the case under section 12 before that under section 11, and I propose to adopt the same course. The Hearing Officer set out in clear and uncontroversial terms the issues to be considered under section 11 and under section 12, based on the decisions in Smith Hayden & Co Ltd’s Application (1946) 63 RPC 101, as reformulated, in relation to section 11, by Lord Upjohn in BALI TM [1969] RPC 472 at 496. I shall set out those issues in the Hearing Officer’s formulations with slight amendments for the sake of consistency.

27. Under section 12, the appropriate test is this. Assuming user by the opponents of their marks in a normal and fair manner for any of the goods or services covered by the registrations of those marks, is the relevant tribunal satisfied that there will be no reasonable likelihood of deception or confusion amongst a substantial number of persons if the applicant uses the mark McCHINA normally and fairly in respect of any goods or services covered by their proposed registration? The slightly cumbersome way in which this question is formulated is explained by the fact that the onus of proof is on the person seeking registration, namely, in this case, the applicant.

28. So far as section 11 is concerned, the test to be applied is as follows. Having regard to the opponents’ use of their marks, is the tribunal concerned satisfied that the mark applied for, McCHINA, if used in a normal and fair manner in connection with any goods or services covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of

persons? Again, the question appears somewhat clumsily framed, because the burden of proof is on the applicant.

29. The distinction between section 11 and section 12 has been discussed in a number of cases. In BALI at [1969] RPC 495, Lord Upjohn said that section 11 was:

“Designed not so much for the protection of other traders in the use of their marks or their reputation but for the protection of the public.”

After referring to a number of cases, including Pianotist Co.’s Application (1906) 23 RPC 774, Lord Upjohn said this at [1969] RPC 496:

“The whole emphasis is upon the question whether the owner of the mark in suit; assuming him to bring some action against another trader, would be disentitled from succeeding for any of the reasons set out in section 11; not whether anyone would succeed against him.”

30. So far as section 12 is concerned, Lord Upjohn immediately went on to say that:

“This is the chief distinction between section 11 and section 12,”

and he explained that:

“Section 12 is principally a weapon in the hands of a registered proprietor though it is not necessary that he personally should object.”

31. Also in BALI, Lord Wilberforce said this at [1969] RPC 499 to 500:

“It is certainly the case that section 11 extends to matters not comprehended in section 12(1). ... Even as to the linguistically common criteria, that a mark is likely to deceive or cause confusion, one can see that section 11 has a wider scope than section 12(1), for whereas the latter section is concerned with the comparison between two rival marks, relating to the same goods or description of goods, of which one is already on the register, section 11 is not so limited. It extends to cases where the public is likely to be deceived or confused merely by the mark in question per se.”

Discussion: Section 12

32. In their case under section 12, the opponents

rely principally upon their registrations of MAC and McDONALD’s (numbers 1373594 and 1285796 respectively), both in Class 42 and covering restaurant services. In effect, Mr Morcom accepts that, if the opponents fail to make out their case under section 12 in connection with these registrations in this Class, then they would not succeed in relation-to-any of their other registered marks or to any of the other Classes in which they have registrations.

33. Under section 12, the test to be applied was described by Parker J in Pianotistat 23 RPC at 777, impliedly approved in BALI at [1969] RPC 489 and 496. Parker J said this, in a passage also quoted by the Hearing Officer:

“You must take the two words. You must judge them both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances: and you must further consider what is likely to happen if each of these trade marks is used in the normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion -- that is to say -- not necessarily that one will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public, which will lead to confusion in the goods -- then you may refuse the registration, or rather you must refuse registration, in that case.”

34. The opponents’ case under section 12 has a number of strands. First, while as a matter of common sense and in light of authority, one must look at the applicant’s proposed mark and the opponents’ marks as a whole, the fact that the similarity between the two sets of marks is to be found in the first syllable is of particular significance. As has been stated in a number of cases, there is a “tendency of persons using the English language to slur the terminations of words” -- per Sargant LJ in London Lubricants (1925) 42 RPC 264 at 279, cited with a number of other authorities at Note 86 in Kerly’s Law of Trademarks and Tradenames, 13th Edition, at 611. Although that principle is well established

and applicable in many cases, it seems to me that it has somewhat reduced force in the present case, where the emphasis in the spoken names McChina or McDonalds is not on the first syllable. However, the prefix “Mc” does have a certain special visual impact, given the fact that the second letter, namely the “c”; is in lower case and the first and third letters are capitals. Similarly, with the prefix “Mac”, due to the lower case “ac” between the upper case first and fourth letters.

35. Secondly, the opponents rely on the similarity of the goods for which the marks are used. The fact that the opponents did not use any of their registered marks in relation to Chinese or other oriental food as at 1992, does not mean that the possibility of their registered marks as at 1992 being used to promote the sale of Chinese style food should not be taken into account. The agreed formulation under section 12 is not limited to the actual use by the opponents of their marks, but extends to use “of their marks in a normal and fair manner for any of the goods or services covered by the registrations of those marks”.

36. Accordingly, Mr Morcom contends that it is permissible, and, on the facts, appropriate, when considering the arguments under section 12, to take into account the fact that the opponents could reasonably and fairly use the marks they had registered as at 1992 in connection with the sale of Chinese food. I agree with that contention, and, while it is fair to say that it is not entirely clear from the terms of his decision, it appears to me that the Hearing Officer took the same view. He referred to Mr Morcom’s argument that the opponents’ registrations in Class 42 “cover identical services”, presumably to those to be covered by the applicant’s proposed mark, and he went on to say that, in those circumstances, he “need only consider the respective marks”. As I understood it, neither Mr Morcom nor Mr Carr quarrelled with that formulation. Even if it represented a slight over-simplification, it does not seem to me to present any problems, because, if there is any other aspect which could or should have been considered under section 12, it would almost certainly fall to be considered under section 11.

37. Thirdly, the opponents advance the contention that, in the context of fast food businesses, the prefix “Mc” would tend to suggest a connection with the opponents, both now and as at 1992, bearing in mind the extent and reputation of their business and the fact that their name is very well known. While this is a fair point as far as it goes, any tribunal must obviously be careful before reaching a conclusion which involves giving an effective monopoly to a common prefix to a surname, in the context of a common type of business.

38. Fourthly, the opponents rely on the facts that the applicant’s mark would be registered in connection with the same type of use and businesses as that for which the opponents’ marks are registered and used, and that the suffix “CHINA” is itself likely to be connected by members of the public with food and restaurants. Fifthly, the opponents rightly contend that, as this application is being considered under the 1938 Act, the burden of proof is, as I have mentioned, on the applicant.

39. Although each of these points is conceptually discreet, and consideration of the opposition under section 12 succeeds or fails must inevitably involve an analysis of such points, I think that the issue under section 12 must be considered in the round. In other words, while one must consider the specific matters identified in section 12 itself and as indicated by Parker J in *Pianotistat* (1906) 23 RPC 777, the issue has to be taken as a whole. The question is whether, in light of the points relied on by Mr Morcom, and comparing the applicant’s proposed mark with those marks of the opponents registered as at 1992, it can be said that registration of McCHINA should be refused on the grounds that the applicant has failed to satisfy the court that there would be “no reasonable likelihood of deception amongst a substantial number of persons” assuming normal and fair use of the marks concerned.

40. The Hearing Officer concluded his decision on section 12 in these terms:

“I find that while there is a possibility of consumers being given cause to wonder whether there is an association between the applicant and

the opponents, I do not believe that there is a real tangible risk of confusion or deception amongst a substantial number of persons and consequently, the opposition fails under section 12.”

41. The first part of that sentence may appear to assist the opponents. However, it must be read in the context of authority. In relation to section 11, Lord Upjohn said this in BALI at [1969] RPC 496 to 497:

“It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception ... It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt, but the court has to be satisfied not merely that there is a possibility of confusion; it must be satisfied that there is a real tangible danger of confusion if the mark which it is sought to register is put on the Register.”

42. It is unlikely that the Hearing Officer did not have those observations in mind. First, he had referred to Lord Upjohn’s speech in BALI [1969] RPC 496 on the page of his decision immediately before that containing his conclusion I have quoted. Secondly, his reference to there being no “real tangible risk of confusion” suggests pretty strongly that he must have had in mind the very passage in the speech of Lord Upjohn that I have just quoted. It is true that this passage was concerned with section 11, but both section 11 and section 12 are directed towards a reasonable likelihood of deception or confusion amongst a substantial number of persons. In effect, I think that, on a fair reading, the Hearing Officer’s conclusion was that there would be no “confusion in the mind of the public, which [would] lead to confusion in the goods”.

43. In so far as my function is limited to reviewing the Hearing Officer’s reasoning, I do not think that there is an inconsistency between his conclusion that there was a “possibility” that some would have “caused to wonder”, on the one hand, and, on the other hand, his conclusion that there was no “real tangible risk and confusion and deception”. First, the notion that some might

have wondered whether there was “an association” between the applicant and the opponents is not the same thing as wondering *whether their products* come from the same source or are associated with each other. As Mr Carr says, sections 11 and 12 are concerned with actual or potential confusion of origin, not merely with association. Secondly, it seems to me that the correct interpretation would be that the Hearing Officer was contrasting the existence of “a possibility of confusion”, which would not be enough to defeat the applicant under section 11, with “a real tangible danger of confusion”, which would have been enough. Thirdly, the number of “consumers” who would have had “cause to wonder” was not identified by the Hearing Officer: he cannot have envisaged it would be anything like all consumers, especially in light of the Survey evidence. It would seem that he had in mind a relatively few number of consumers, in contrast with the “*substantial* number of persons” referred to in his immediately succeeding phrase. Accordingly, if I were limited to reviewing the Hearing Officer’s decision under section 12, I would uphold it. However, I should also consider the issue by way of rehearing.

44. The words MAC, Mc and CHINA are not particularly similar either in appearance or sound. Even the first syllable of McCHINA appears slightly different, and is pronounced slightly differently, from MAC, but it is fair to say that they have the same meaning and connotation. The words McCHINA and McDONALDS have an identically written and sound first syllable, but their second and third syllables are completely different in appearance and sound. As ordinarily spoken, both words have the emphasis on the second syllable. The first syllable of each word is not merely the same, but it is unusual in having a particular connotation (a name beginning “Mc”, like a name beginning “O” has a certain distinctiveness, and, while hardly anyone will consciously, or even subconsciously, think of the literal meaning “son of”, it is nonetheless distinctive). Nonetheless, even allowing for this special factor, it seems to me that the mark McCHINA is, at least on the face of it, plainly distinct from MAC or McDONALD’s.

45. The goods and services, which the mark

McCHINA is to be applied, are the same as the goods and services to which the opponents' marks are applied. However, in light-- of the condition, which the applicant is prepared to accept, his mark will only be applied in relation to oriental food and restaurant services. While that was not an aspect of the opponents' business in 1992, it seems to me that it was an aspect of their business which, as at 1992, it would have been fair and reasonable to expect them to expand into, and in respect of which they could have used their marks. After all, the opponents' business was that of fast food, and by 1992 the Chinese take-away was a very familiar concept. However, while the opponents are entitled to rely on the fact that their marks would be used in connection with oriental food and oriental restaurant services, I think this would only extend to such food and services as an ancillary part of their overall business, of which the primary aspect would always have been expected to be European and North American food.

46. There was very limited evidence as to the type of customer who might be attracted by the McCHINA mark, and the goods and services being supplied in connection with it, and those who would be in the market for the opponents' business under its marks. However, I am prepared to accept that the same sort of actual and potential clientele would be involved, namely people looking for reasonably cheap food, provided fairly speedily, which can be consumed on or off the premises from which the food is sold. Nonetheless, the applicant's customers would almost all be looking for oriental food, whereas the great majority of the opponents' customers would either not be looking for oriental food or would be looking for oriental food as one of the possible types of food they were considering purchasing.

47. Bearing in mind these factors, I have to ask myself whether, in light of the evidence given to the Hearing Officer, which I have summarised above, the applicant has satisfied me that there will be no "confusion in the mind of the public which will lead to confusion in the goods" (to quote from *Pianotist* at 23 RPC 777) or that "there will be no reasonable likelihood of deception or confusion amongst a substantial

number of persons" (to quote from the way in which the Hearing Officer put it, albeit that I have slightly reworded the formulation). I have reached a conclusion similar to that of the Hearing Officer. In light of the difference between the applicant's proposed registered mark and the opponents' registered marks, the applicant has satisfied me that there is no real likelihood of confusion amongst a significant, let alone substantial, number of people. I accept that some members of the public would note that the applicant was carrying on a fast food or take away food business under a name which began with "Mc" like the largest fast food and take away food business in the country, but that would be as far as it would go. As explained in *BALI* at [1969] RPC 496 and 500, by Lord Upjohn and Lord Wilberforce, the function of section 12 is there largely to protect owners of registered marks, who would normally be expected to be of the opponents relying on that section (although, as Lord Upjohn emphasised in the earlier passage, reliance on section 12 is not limited to proprietors of registered marks). I do not consider that the combination of the existence of the "Mc" at the beginning of the applicant's proposed mark, and the fact that that mark would be used in connection with the same sort of business, albeit a specific and limited area of that business, as the business of the opponents associated with their registered marks, would be likely to deceive or confuse a substantial number of persons.

Discussion: Section 11

48. As before the Hearing Officer, the opponents' case has two main points and a number of lesser strands. The first main point is that, by the relevant date, 10th June 1992, the opponents had carried on their restaurant business in the United Kingdom under the McDONALD's trade mark on a vast scale for many years prior to the application date. Accordingly, they contend that that mark, together with a number of other marks with the prefix "Mc", followed by a descriptive or non-distinctive element, and the mark MAC, must have led to a very high association among members of the public of the prefix "Mc" with

the opponents and their goods and services in the restaurant and food fields. Secondly, the opponents rely on the evidence of the Survey.

49. The opponents also place some weight on a number of other facts. They contend that the prefix “Mc” has no inherent reference or relevance to food or restaurants, and would not be understood by members of the public as connoting “son of”, especially if used in the context of the mark McCHINA. The opponents also point to the fact that the suffix CHINA connotes food. They also refer to the evidence of their Camberley branch manager. They further rely, once again, on the fact that the burden of proof is on the applicant.

50. I turn first to the Survey, and the actual questions that were posed. In this connection, it seems to me that there is no real ground for criticising the first question. It is not a leading question. It is not otherwise objectionable, save to the extent that any question can be said to be a departure from reality, because it prompts a thought process which, in the real world, may not even occur to the person being questioned. Overall, it appears to me to be unobjectionable in the context of the issue under section 11 in this case.

51. However, the second question in the Survey appears to me to be objectionable, in the sense that it is leading. It specifically plants in the mind of a respondent the notion, which might otherwise not have occurred to him, that the MCCHINA restaurant could be part of an existing chain; indeed, it puts in the respondent’s mind the idea of an existing chain of restaurants which might otherwise not have occurred to him. Given that the opponents’ restaurants under the McDonald’s name are probably the biggest chain of restaurants in the country, it would be positively surprising if a fair number of respondents did not refer to those restaurants in answer to the ensuing request, namely the third question. I do not think that it would be sensible or fair to draw any conclusions from the responses to the second and third questions in the Survey, bearing in mind the leading nature of the second question and the clear connection between the second and third questions.

52. However, even in relation to the answers to the first question in the Survey, there is a problem. No record was kept of the actual responses given to the questions asked of members of the public in the Survey. All one knows is the number of responses which those conducting the Survey thought was appropriate for each of the eleven possible answers provided in their survey sheets. Accordingly, one simply does not know what the respondent members of the public actually said; all one has is the questioners’ subjective categorisation of their answers.

53. These criticisms are not novel. In *Neutrogena Corporation -v- Golden Limited* [1996] RPC 473 at 485 to 486, Jacob J made fairly similar criticisms to make of the survey before him. At 486 he said this:

“[P]ure questionnaire evidence is seldom helpful -- there are almost inevitable faults with the questions or the recordal of the answers as well as in later stages of the processing. Of course the court needs to know how the evidence was collected, and needs to have the full picture But unless one can have some real evidence, tested in cross-examination, one cannot really be sure of what was passing through people’s minds. Those cases where surveys have proved to be useful have all involved some of the “pollees” coming to court.”

54. There is a further problem with the Survey, and that relates to the date it was conducted. The Survey was carried out in March 1996, some three years and nine months after the relevant date for the purpose of considering the application of section 11. During that period, there had been significant growth in the market penetration of the opponents’ business. Their turnover had substantially increased, and presumably they had opened a number of new restaurants. Further, their advertising spend, all of which was linked to their marks, had increased in those three and three quarter years. Accordingly, although it is impossible to know by how much, the likelihood of association, and even of any deception or confusion, would have increased from 1992. Additionally, by the date of the Survey, the opponents had started selling

oriental style food and using the CHICKEN McNUGGETS SHANGHAI, OREINTAL McRIB and McFORTUNE COOKIE marks, which had were not used or registered until after 1992. Accordingly, the likelihood of a member of the public associating a notional McCHINA restaurant with the opponents, because of the possible McOriental connection could have been significantly greater in 1996 than in 1992.

55. In these circumstances, it seems to me that the answers to the second and third questions of the Survey are of no real assistance, and, while they should not be rejected as completely unhelpful, the answers to the first question should be treated with some scepticism and diffidence. At best from the opponents' point of view, 10% of the respondents saw a connection between a notional McCHINA restaurant and the opponents' business. On a strict view, it could be said that the figure should be less. Thus, the fact that 3% thought McCHINA "sounded like" a McDonald's restaurant does not of itself demonstrate relevant deception or confusion. It may be that some or all of the 5% who apparently thought that the notional McCHINA restaurant "was connected" with the opponents' business would have been "deceived" or "confused". However, it seems to me that the precise nature of their answers, and their testing by cross examination, would have enabled the court to reach a more confident view as to what they really thought. The 1% who apparently thought that the notional McCHINA restaurant "was part of the McDonald's chain" would seem to have been confused or deceived, but quite what the 1% who apparently believed that it was "a Chinese/McDonald's" thought, is perhaps a little unclear.

56. The Hearing Officer described the results of the Survey as "not ... particularly impressive", and said that "at best only 10% of those asked made an association with the [opponents]". I agree. It was no doubt for this reason, I suspect, that he felt the need to cast around for more evidence, and alighted on the McINDIANS survey.

57. All in all, I do not consider that the Survey assists the opponents. It seems to me that the

Survey, with its various defects, certainly does not establish that the use of McCHINA would be reasonably likely to cause deception and confusion amongst a substantial number of persons, having regard to the opponents' user of their marks. However, that is not the end of the matter, partly because the onus of proof is on the applicant, and partly because the opponents do not merely rely on the Survey.

58. The only specific evidence of confusion or deception which was put forward by the opponents was that of their Camberley restaurant manager. Again, it seems to me that that evidence is of no real value, and it is not surprising that the Hearing Officer did not rely on it. It is very limited in its scope, it is hearsay, and it is difficult to know what to make of it. It is hard to believe that two different members of the public each asked whether the applicant's restaurant "was in any way part of or accessible from" the opponents' Camberley restaurant, even assuming that they expressed themselves differently. One possibility is that one member of the public asked whether the applicant's restaurant was "part of the opponents' restaurant, and the other asked about accessibility. If so, then it seems unlikely that the second questioner was confused or deceived, and it is just possible that a cross-examination of the first questioner could show that he was not deceived or confused. It might be said that the fact that the opponents were only able to find such very unsatisfactory evidence of actual confusion, given that the applicant had been trading under the name McCHINA since 1991 suggests, if anything, a very low, even negligible, degree of confusion or deception. While one obviously has to approach the evidence of the applicant himself with caution, because of his obvious and direct interest in this matter, it is not without significance that he said that he knew of no evidence of confusion, even though the opponents had two restaurants within one mile of his McChina restaurant. There was no challenge to his bona fides, but it is fair to say that there was no detailed evidence as to the extent to which any confusion might have been likely to come to his attention.

59. There is, of course, the evidence of Mr Hawkes to which I have referred. The fact that he

expresses the view that the applicant has failed to show that section 11 does not apply, takes matters very little further forward. Without wishing to be trite, the question is whether the Hearing Officer or the Court is satisfied that the applicant has discharged the onus imposed on him by section 11, not whether a representative of the opponents takes that view. However the factual evidence Mr Hawkes puts forward as to the size, extent and market penetration of the opponents' business carried out under, and directly connected with, the McDONALD's and their other marks, was impressive and potentially important evidence.

60. Mr Carr contends that the proper approach to the issue under section 11 in the present case is as follows. First, a comparison between the applicant's proposed mark and the opponents' marks shows that they look different: they sound different, and they are not confusingly similar either phonetically or in writing. Secondly, the inherent idea behind the marks is different: McCHINA has a self-evidently oriental flavour, whereas the opponents' marks are either not uncommon proper names (e.g. MacDONALD's) or related to specific items of fancy western food (e.g. CHICKEN McNUGGETS or McB.L.T.). He contends that it therefore follows that, in order for the opponents to succeed, they have to show a likelihood of deception or confusion by virtue of their use and reputation of their marks in connection with their business. In my judgment, that is the correct approach, and the one I propose to adopt. Furthermore, I think that it was the approach of the Hearing Officer, and that it is not challenged by Mr Morcom.

61. Mr Carr contends on behalf of the applicant that it would be wrong to take into account the opponents' marks with a specifically oriental connotation (CHICKEN McNUGGETS SHANGHAI, ORIENTAL MCRIB and FORTUNE COOKIE) and it would also be wrong to take into account the fact that the opponents sell oriental style food, because these oriental marks only appear to have come into use, and their oriental style food only appears to have been sold, after 1992. It appears to me clear that Mr Carr is correct in his contention that the opponents' oriental marks should play no part in these proceedings: it must be illegitimate for an

opponent to the registration of a mark to rely upon a mark which was only used after the application for the mark in question; Mr Morcom does not argue otherwise, as I understand it. However, while I accept that one cannot take into account the fact that the opponents actually sold oriental style food after the date of the application for registration, it does not appear to me to follow that one cannot take into account the ability, likelihood and reasonableness of the opponents selling oriental style food in association with any of the registered marks upon which they are entitled to rely. First, logic would tend to suggest that an objector could rely upon such a factor: any use he could reasonably make of his mark within the class for which it is registered would seem, at least on the face of it, to be something which the Tribunal should be entitled to take into account. Given that the registration of the opponents' marks and, if registered, of the applicant's mark are potentially perpetual, any use of any of the marks within the class for which it is registered is a possibility. Of course, the fact that there is a theoretical possibility of a particular mark being used in connection with particular goods or services does not therefore mean that the court should take such potential use into account: likelihood and reasonableness must be crucial factors.

62. Quite apart from logic, it seems to me that, given that the potential use of a registered mark owned by an objector (or indeed by anyone else) can be taken into account when considering an objection under section 12, it is hard to see why it should be excluded when considering a ground of opposition under section 11. Both sections are concerned with potential deception or confusion caused to members of the public. Under section 12, such confusion is limited to deception or confusion by reference to other registered marks, and, while section 11 casts its net wider, it plainly extends to that sort of confusion. It seems to me that it would be surprising if potential use of registered marks could be taken into account under section 12, but not under section 11.

63. In these circumstances, I think it is putting the applicant's case too high to suggest that the possibility of the opponents' marks be associated with oriental style food is impermissible. In my

judgment, just as with section 12, it is something which can be taken into account, and, on the facts of this case, I think it is something which should be taken into account.

64. The fact that the possibility of the opponents using their marks in relation to oriental style food be taken into account in relation to the section 11 issue is of obvious potential assistance to the opponents. It knocks out the bare assertion that one cannot take into account the fact that the opponents' marks could be used in connection with such a new aspect of their business. However, at least in the present case, I do not regard it as a point of great weight. First, it only mildly reduces one of the criticisms of the value of the Survey. The Survey was conducted after the opponents had introduced their line of oriental style food, whereas I am concerned with confusion and deception as at an earlier date, when that line had not yet been introduced. This still remains a criticism of the Survey, but it is not as forceful as it would have been if the possibility of the opponents selling oriental style food could not be taken into account at all. However, that does not cause me to doubt my conclusions about the value of the Survey, given that it suffers from a number of defects, and this factor only impinges to a small extent on one of those defects. Secondly, as Mr Carr points out, there is, even now, no evidence that members of the public associate the mark McDONALD's or any of the opponents' other marks with oriental style food or restaurants. The opponents have, and as at 1992 had, a very well established reputation in relation to a particular type of food and fast food outlet, principally various types of hamburger, chips, fish and chicken nuggets, and various other ancillary items (being ancillary both in the sense of adjuncts, such as drinks and puddings, and in the sense of being other items of food which, while sold by the opponents, are not items for which they are primarily known, such as ribs and B.L.T.s).

65. The Hearing Officer's conclusion that the opponents succeeded under section 11 appears to have had two components. First, apparently based to a significant degree on his illegitimate reliance on the McINDIANS survey, he said that he was led:

“to the belief that Mc used as a prefix to a word descriptive of a type of foodstuff ... is likely to be regarded by a significant proportion of the public as signifying an association with the opponents' business.”

Secondly, the Hearing Officer took the view that:

“The word CHINA would be taken as an indication of a certain cuisine from that country and that should the applicant ... use [his] mark in relation to restaurant services (and by extension foodstuffs) there would be a strong likelihood of deception and confusion amongst a substantial number of persons.”

66. So far as the first ground of his conclusion is concerned, it seems to me to have been substantially based on the MCINDIANS survey; indeed, I do not think that there was any specific evidence before the Hearing Officer upon which he could properly have based his view, other than the evidence of the size and market penetration of the opponents' business as associated with their various marks. As to the second ground for his conclusion, given the lack of any association visually, phonetically or conceptually between McCHINA and the opponents' various marks, it seems to me that once again the Hearing Officer's view must have been based on the reputation generated by the opponents.

67. So far as the opponents' case under section 11 is concerned, it appears to me, on analysis, that, as under section 12, they are virtually seeking to monopolise all names and words with prefix Mc or Mac, at least in relation to food or restaurant services. This is supported by the fact that there is no similarity between CHINA, on the one hand, and, on the other hand, DONALD or any of the other suffixes in the opponents' marks. (So far as those other marks are concerned, the Hearing Officer thought that the evidence put in by the opponents to show their use of “a range of Mc and MAC prefixed trade marks” was “very thin” and did not “originate from before the relevant date”. However, he accepted that there was some evidence of use of these marks by the opponents).

68. Indeed, as Mr Carr points out, the conclusion that the opponents are seeking a monopoly of names beginning with “Mc” or

“Mac” appears to be supported by the evidence of Mr Hawkes; he said:

“I believe that the prefix Mc when it appears in trade marks relating to restaurant services and menu items provided by such restaurants are recognised by the public as indicating [the opponents].”

69. I am prepared to accept that it is possible in principle for a person to have built up a reputation in specific names or marks beginning with “Mc” and/or “Mac” which is so great that he could successfully object to the registration by anyone else of any mark beginning “Mc” or “Mac” in the same class of goods or services. However, I think that a tribunal would have to be particularly careful before upholding an objection on such a very wide ground. Of course, refusing the applicant registration on this ground would not mean that he is thereby prevented from using the McCHINA mark, but the reasoning behind the refusal would be getting precious close to concluding that any user of a name beginning “Mc” or “Mac” in the fast food or take away business would almost ipso facto be at severe risk of being guilty of passing off. As I say, that is not of itself a reason for rejecting the opponents’ case. Nor is it a factor which undermines the point that the onus is on the applicant to establish that he is entitled to registration notwithstanding section 11, rather than on the opponents to show that this application fails because of section 11. Nonetheless, the breadth and wide-ranging effect of the opponents’ case, in terms of its monopolistic consequences, is something which must, in my view, be borne in mind.

70. In light of the evidence put before the Hearing Officer, I would clearly have been of the view that, if the onus under section 11 was on the opponents, they had failed to discharge that onus. The only “hard” evidence they produced was that of the Survey, and, on analysis, it was, from their point of view, at best of no value in my judgment. If anything, I believe that, bearing in mind the various points that can be made about the Survey, it tends to suggest that a substantial number of people would, as at 1992, not have been led to believe that there was an association between the applicant’s products and services run and sold-under-the name McCHINA, and the

products and services of the opponents. On a fair reading of the answers, and bearing in mind the date of the Survey, compared with the date by reference to which I must consider the matter, it seems to me that, if the Survey establishes anything of relevance, it is that the number of people would be confused or deceived would be less than “substantial”. This conclusion, inevitably very tentative in its nature in light of the defective features of the Survey, is based on the answers to the first question, because the answers to the second and third questions are to my mind wholly unreliable.

71. On the safer assumption that the Survey does not assist either way, and taking into account the evidence of Mr Hawkes as to the size and extent of the opponents’ business under their marks, I am still of the view that, even with the onus being on the applicant, he succeeds under section 11. I bear in mind the lack of similarity between the applicant’s mark and the opponents’ marks, the fact that the applicant is prepared to accept a condition limiting the use of his mark to oriental food and oriental food services, the lack of evidence, even after starting their oriental style food range, of any association of the opponents’ marks with oriental food and oriental food services, the generalised evidence of Mr Hawkes, and the absence of any evidence of confusion, although the applicant has been trading on McCHINA for nearly ten years, relatively near two of the opponents’ MacDonald’s restaurants.

Conclusion

72. In these circumstances, I have come to the conclusions that:

1. The Hearing Officer was right to decide that registration of the mark McCHINA should not be refused under section 12(1), whether that decision is reviewed or reconsidered by way of a rehearing;

2. The Hearing Officer was wrong to refuse registration of the mark under section 11.

73. Accordingly, the applicant’s appeal is allowed, and the registration of the mark McCHINA may proceed.