



Neutral Citation Number: [2023] EWHC 283 (Ch)

Case No: CH-2022-000044

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
ON APPEAL FROM
THE UNITED KINGDOM INTELLECTUAL PROPERTY OFFICE
DECISION No. O/081/22

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 10/02/2023

Before :

Ian Karet (sitting as a Deputy High Court Judge)

Between :

Marriott Worldwide Corporation

Appellant

- and -

Delta Air Lines, Inc.

Respondent

Mr. Andrew Norris KC (instructed by **D Young & Co LLP**) for the **Appellant**
Mr. Simon Malynicz KC and **Ms. Iona Berkeley** (instructed by **Kirkland & Ellis**
International LLP) for the **Respondent**

Hearing date: 14 December 2022

Approved Judgment

Remote hand-down: This judgment will be handed down remotely by circulation to the parties or their representatives by email and release to The National Archives. A copy of the judgment in final form as handed down should be available on The National Archives website shortly thereafter but can otherwise be obtained on request by email to the Judicial Office (press.enquiries@judiciary.uk). The deemed time and date of hand down is 10:30am on Friday 10 February 2023.

Ian Karet:

Introduction

1. This is an appeal by Marriott Worldwide Corporation against the decision of Heather Harrison, Hearing Officer for the Registrar of Trade Marks, dated 31 January 2022 in respect of UK registered trade mark No. 3108603 for the word DELTA (the “Mark”) (the “Decision”). The Hearing Officer maintained the Mark for a wide range of services in classes 35 and 43. She invalidated the Mark for the following services:

Class 35: Retail stores services all connected with the sale of articles and equipment for household purposes, namely clothing, footwear, headgear, toiletries, cosmetics, optical goods, toys, plush toys, games, stationery, printed matter, umbrellas, luggage, jewelry (sic), watches, foodstuffs, drinks, wines; customer loyalty services.

Class 43: Hotel services; restaurant, bar and lounge services; resort lodging services; reservations services for hotel accommodations.

2. The Hearing Officer concluded that the Appellant had enjoyed “significantly more success overall” than the Respondent in the proceedings before her, and she awarded costs to the Appellant. The Appellant appeals to restore the portion of the Mark which she invalidated.
3. The application to revoke the Mark under Section 47(2) of the Trade Marks Act 1994 (the “Act”) relied on sections 5(2)(a), 5(3) and 5(4)(a) of the Act. The Appellant relied on s5(5).
4. Section 5 of the Act provides as follows:

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

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

5(3) A trade mark which—

(a) is identical with or similar to an earlier trade mark... shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom... and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark...

...

5(5) Nothing in this section prevents the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration.”

5. The application under sections 5(2)(a) and 5(3) was based on two trade marks. The first was the Respondent’s earlier EU trade mark 132290 for the word “DELTA” registered in class 39 for “Air transportation services” (the “Earlier Mark”). The second was the Respondent’s earlier UK trade mark for the word “DELTA” (the “UK Mark”) registered in class 39 for:

Storage services for freight and for goods; all relating to air transport; air transport services, but not including any such services relating to air courier services; all included in Class 39.

6. The Mark was applied for on 14 May 2015 and registered on 11 December 2015 in classes 35 and 43.
7. The class 35 registration included a range of services: franchise services; retail stores, online and mail order retail services connected with household items; business management, administration, meeting and planning services; providing conference facilities; management, rental and leasing of office and retail space; issuing gift certificates; customer loyalty services; and charitable services. All were set out in further detail.
8. The class 43 registration was for “Hotel services; restaurant, catering, bar and lounge services; resort lodging services; provision of general-purpose facilities for meetings, conferences and exhibitions; provision of banquet and social function facilities for special occasions; and reservations services for hotel accommodations.”
9. The Earlier Mark was registered on 18 June 1998. The UK Mark was registered on 18 September 1992.
10. Mr. Andrew Norris KC appeared for the Appellant, Marriott. Mr. Simon Malynicz KC and Ms. Iona Berkeley appeared for the Respondent, Delta.

The Decision

11. The Decision sets out a carefully and thoroughly reasoned approach to the issues. It starts with a description of the marks, the grounds of invalidation and the relevant statutory provisions. The Appellant accepted that the marks in issue were identical but said that the services were “sufficiently different” for confusion between them to be avoided. The Appellant put the Respondent to proof of its claimed use and reputation in its marks. The Appellant also argued that the Respondent was aware of its mark and that parties had entered into a co-existence agreement in 2015 regarding the mark “DELTA”.
12. The Hearing Officer described the case law on genuine use. The Appellant accepted that there had been genuine use for “air transportation services” but not for the other services for which the UK Mark was registered. The Hearing Officer found that the Respondent had not shown use beyond “air transportation services”. Accordingly she concluded that the Earlier Mark had a wider specification than the UK Mark, and the Decision concentrates on the Earlier Mark.
13. The Hearing Officer then considered the arguments on s.5(2)(a), s.5(3) and the arguments on due cause and consent. The Respondent accepted that the argument under s.5(4)(a) added nothing to the argument under s.5(2)(a), and the Hearing Officer did not consider that.

Section 5(2)(a)

14. Under s.5(2)(a), the Hearing Officer set out the principles relevant to the assessment of a likelihood of confusion, the average consumer and the nature of the purchasing act. In comparing the services the Hearing Officer noted that it was relevant whether there was a complementary relationship between the respective goods and/or services. She referred to the decision in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, EU:C:1998:442 which notes that a factor in the assessment of similarity is whether the goods and services are complementary. She noted the guidance on similarity set out in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 28. That considers the uses and users of the respective services and the trade channels through which they reach the market. She also noted that it was relevant whether there was a complementary relationship between the goods/services as described in *Kurt Hesse v OHIM* Case C-50/15, EU:C:2016:34 and *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, EU:T:2009:428.
15. The Hearing Officer considered the services covered in class 35 in seven separate groups and she concluded that there was no similarity between any of them and the Earlier Mark.
16. She then considered the services in class 43 in three groups. She concluded that hotel services, reservations services for hotel accommodations and resort lodging services were similar to a “fairly low degree (i.e. between low and medium)” to the Earlier Mark because:

“[43] Whilst dissimilar in nature, purpose and method of use, these services are commonly sold through the same channels of trade as air transport. The people who fly to a destination will also be those using accommodation services at the destination. The services are not in competition but package holidays, which feature flights, transfers and hotels, are readily available from a wide range of operators, resulting in complementarity.”

She found that the other services in class 43 were not similar.

17. The Hearing Officer then considered the distinctive character of the Earlier Mark. She concluded that “DELTA” had acquired distinctiveness in relation to air transportation services at large. For services other than passenger airline services there was no more than a small enhancement through use. For passenger airline services there had been sustained use over a long period that had enhanced the distinctiveness of the mark, but it did not show a huge reputation. It was thus distinctive to a “reasonably high degree (i.e. between medium and high)”.
18. In considering likelihood of confusion, the Hearing Officer noted that the “vast majority” of the contested services were not similar to those covered by the Earlier Mark, so that there could be no likelihood of confusion under s.5(2)(a). The services in class 43 for which she had to make a global assessment were “hotel services; resort lodgings; reservations for hotel accommodations” which had a fairly low degree of similarity.
19. The Hearing Officer considered use of the mark “DELTA” outside the UK by a group of hotels. However, there was no relevant use in the UK until 2019, and the Appellant did not argue that there had been honest concurrent use.

20. The Hearing Officer concluded that there was sufficient similarity between the marks to give rise to a likelihood of confusion. This was based on the consumer's above average level of attention which would lead to a conclusion that there was an economic connection between the users of the marks.

Section 5(3)

21. The Hearing Officer set out the relevant principles under s.5(3) of the Act as derived from a number of judgments of the CJEU.
22. She considered whether the public would make the required mental 'link' between the Mark and the Earlier Mark, as discussed in *Intel* [2009] ETMR 13. This included a consideration of the degree of similarity between the marks; the degree of closeness or dissimilarity between the relevant services for which the marks are registered; the reputation and distinctive character of the Earlier Mark; and whether there is a likelihood of confusion.
23. She concluded that the average consumer encountering services at an airport which offered retail, restaurant, bar and lounge services would think that they were offered by the Respondent or an economically connected entity. The average consumer would be particularly alert to "DELTA" in that context and such use would be likely to cause confusion. There would, similarly, be a likelihood of confusion in respect of "customer loyalty services", as that would include airline loyalty schemes. The Earlier Mark would be brought to mind and a link made for these services and also for hotel services, resort lodgings and reservations for hotel accommodations. There would not, however, be a link for the remaining services.
24. The Hearing Officer cited *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) as authority for the proposition that in an appropriate case the use of a sign the objective effect of which is to enable a party to benefit from the reputation and goodwill of the trade mark may amount to an unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill. In the Hearing Officer's view in this case the Appellant would obtain an unfair advantage because consumers would assume there was a link with the Earlier Mark, or the Appellant would obtain sales it would not otherwise have achieved. There would not be detriment to the reputation or distinctive character of the Earlier Mark.

Due Cause/Consent

25. The dispute on due cause and consent was based on an agreement between the Appellant's predecessor in title, Delta Hotels, and the Respondent made on 25 March 2015 (the "Agreement"). The Appellant announced its acquisition of the Delta Resorts brand on 1 April 2015. The Agreement is governed by the laws of Hong Kong.
26. The Hearing Officer noted that due to confidentiality orders some of the Decision would be redacted from the public file.
27. The Hearing Officer noted that under s.5(5) of the Act nothing prevents registration where there is consent by the holder of an earlier trade mark or right. Further in *In Leidseplein Beheer BV v Red Bull*, Case C-65/12, EU:C:2014:49, the CJEU held that a registration may stand if there is "due cause".

28. There was a dispute over whether the Appellant had pleaded consent/due cause. The Hearing Officer concluded that while the Appellant had not directly said that there was consent to registration, it had in its submissions relied on the Agreement; that was a co-existence agreement and so the Appellant had raised the point.
29. She noted that some of the clauses of the Agreement clearly provided for matters in Hong Kong and China while other clauses did not contain that express territorial limitation. She considered the terms of the Agreement and concluded that the Agreement did not amount to consent to an application for trade marks in the United Kingdom. Correspondence after the Agreement was made did not change the position in the Appellant's favour. The Agreement thus did not assist the Appellant.

The approach on an appeal

30. The parties agreed that an appeal against a decision of the Registrar is by way of review rather than a rehearing, see for example *Reef Trade Mark* [2003] RPC 5 at [17]-[30]. There is no suggestion of procedural or other irregularity. The court will therefore only allow the appeal if the Decision was wrong, and there will be real reluctance (but it has been said not the very highest degree of reluctance) to interfere in the absence of a distinct error of principle. A significant degree of respect is shown to a Hearing Officer's specialised experience.

The Appeal

31. There are three grounds of appeal. The first two apply only to the services in class 43 for which the Mark was invalidated, namely "hotel services; resort lodgings; reservations for hotel accommodations". These grounds do not apply to the invalidation of the services in class 35. The third ground addresses the Agreement and applies to all the services invalidated.
32. By its Respondent's Notice the Respondent contended that the Hearing Officer ought to have rejected the argument about consent because it had not been pleaded or because there had been procedural unfairness which had prevented it from responding on the Agreement. Alternatively, the Hearing Officer ought to have directed herself that for s.5(5) to apply, consent on the part of the proprietor of earlier rights must be expressed such that an intention to renounce those rights is unequivocally demonstrated.

The first ground – s.5(2)(a)

33. The Appellant submitted that the Hearing Officer was wrong to find that the services "hotel services; resort lodgings; reservations for hotel accommodations" in class 43 had a fairly low degree of similarity to the Earlier Mark for the purposes of s.5(2)(a) of the Act. The Hearing Officer should have found instead that there was no similarity between the marks and thus no likelihood of confusion. The finding was based solely on a finding of complementarity. While the Hearing Officer identified the correct legal test, she mis-applied it in practice. The finding that such services are commonly sold through the same trade channels did not mean any of the services of the Mark are "indispensable or important" for the use of "air transportation services", as the test requires.

34. Mr Norris explained that even if it was correct that the services were commonly sold through the same trade channels this should not have led to a finding of complementarity. There was no factual evidence about this, and the Hearing Officer was not entitled to take judicial notice of matters of this type. The scope of matters of which judicial notice could be taken was very limited; one example he gave was that the sun rises in the morning.
35. He submitted that the test of complementarity requires more than that consumers may think that the goods/services could be used together. Items could be complementary in the ordinary meaning of the word but not in a trade mark sense, as described in *Sandra Elliot v LRC Holdings* (O/255/13).
36. Mr Norris also submitted that the Hearing Officer's findings on similarity led to a tension that the Mark remains registered in class 35 for "franchise services, namely, offering business management assistance in the establishment and operation of hotels" but has been invalidated for "hotel services" under class 43. A hotel could thus display that it was franchised under the Mark but not call itself "Delta".
37. The Respondent submitted that the Appellant's position was wrong for a number of reasons. First, following *Kurt Hesse* complementarity may be the sole basis for a finding of similarity. Second, the finding of similarity was in any event based on a number of factors and not on complementarity alone. Third, the Hearing Officer had applied the correct test of complementarity. Fourth, the Hearing Officer had been entitled to come to the conclusion that she had. In particular, she was entitled to take judicial notice of her own experience in making findings of fact, following *Living Dreams TM* (O/669/19). Fifth, the result did not lead to tensions or inconsistent findings, in particular because there was no overlap between the franchise and hotel services covered by the Mark.
38. In *Living Dreams* Philip Johnson, the Appointed Person noted that it is well established that findings of fact before the Hearing Officer may be by way of judicial notice. Following *O2 Holdings Ltd's Trade Mark Application* [2011] RPC 22, such a finding should only be overturned when no reasonable Hearing Officer could have reached that decision.
39. In my view the Hearing Officer did not make an error in principle in her approach and her decision on similarity for the purposes of s.5(2)(a) was one she was entitled to reach. She applied the relevant case law including *Canon*, the factors set out in *British Sugar*, *Kurt Hesse* and *Boston Scientific* to her evaluation of the way the relevant services are sold to and used by consumers and whether there is a complementary relationship. The test she applied was correct, and it led to her finding of complementarity. Following *Kurt Hesse* that may be the sole ground of a finding of similarity.
40. While there may not have been evidence from the parties as to how the relevant services were sold, the Hearing Officer was entitled to reach the conclusion she did based on her experience. The Appellant's view of the scope of judicial notice is in this case too restrictive.
41. The Hearing Officer also considered complementarity in relation to other groups of services for which the Mark is registered; and she found that in those cases there was none. The Appellant agrees with her findings in that regard.

42. There is no tension with the remaining valid registration of the Mark for franchise services. These are business management services, which are different from hotel services, and the issue about which the Appellant complains does not arise.

The second ground – s.5(3)

43. The second ground of appeal is that in her analysis under s.5(3) of the Act the Hearing Officer erred in finding a link between some of the services in class 43 covered by the Mark and the Earlier Mark and that the Appellant would be likely to obtain an unfair advantage as a result. She should have rejected this allegation.
44. The Appellant accepted that the Hearing Officer had correctly identified the relevant factors to be taken into account in assessing whether there was a link, but submitted that her analysis of two key factors, the similarity of the services and the likelihood of confusion, was flawed.
45. As to the similarity of services, the Appellant submitted that the Hearing Officer’s conclusion on “hotel services, reservations services for hotel accommodations; resort lodging services” was incorrect for the same reasons discussed under the first ground of appeal. It followed that there should have been no similarity between any of the services and thus no likelihood of confusion.
46. As to “restaurant, bar and lounge services”, the Appellant submitted that the Hearing Officer’s earlier finding that there was no similarity between the marks should mean that there is no link likely to be made by the consumer and no likelihood of confusion. The Hearing Officer had compared the wrong services through a mistaken application of the test.
47. Mr Norris explained that the Hearing Officer had referred to an “airline business” instead of the correct term “air transportation services”. These are not the same; the services covered by the Earlier Mark form part of what an airline does. She had thus incorrectly made the assessment against what the Respondent did in its business rather than the Earlier Mark.
48. Mr Norris also submitted that the Hearing Officer had concluded that the likelihood of confusion followed from the finding of a link. Had she correctly found that there was no link, she would not have found unfair advantage. Alternatively, the Hearing Officer had concluded that sales under the Mark would obtain a marketing advantage. That is not the correct test of unfairness. As set out in *PlanetArt v Photobox* [2020] FSR 26 and the cases considered there the test requires a finding of unfairness on real and not theoretical evidence, and it cannot be assumed from the fact that the earlier mark has a substantial reputation. There was no evidence in this case that supported her finding; rather it pointed the other way and included the long period in which the mark ‘DELTA’ had been used by both sides, the fact that the Respondent had used the mark on its own website in relation to hotels and the fact that the parties had made the Agreement to cover a co-existence between them.
49. The Respondent replied as follows. First, s.5(3) requires a multi-factorial assessment, and the Appellant accepts that the Hearing Officer correctly directed herself as to the law. Her findings on a link were made carefully and reasonably.

50. Second, the Hearing Officer's findings on a likelihood of confusion were reasonable. It is not the case that a finding of no similarity means there is no link. It is clear from *Davidoff & Cie SA v Gofkid* Case C-292/00 EU:C:2003:9, [2003] FSR 28 that unfair advantage can apply where the goods/services in issues are similar or dissimilar.
51. Third, the Hearing Officer did not adopt the term "airline business" in place of the correct term "air transportation services". Instead, she was making the point that the fact that retail services are for the purposes of s.5(2) is not a bar to a finding of unfair advantage under s.5(3). In any event, the Hearing Officer also referred to "passenger airline services" and these are narrower than and a subset of "air transportation services", as the Hearing Officer had found earlier in the Decision in her assessment of acquired distinctiveness. At paragraph [55] of the Decision she said:
- "...I must treat the earlier mark as having acquired distinctiveness in relation to air transportation services at large. For services other than passenger airline services, there has been no more than a small enhancement through use. For passenger airline services, the evidence is sufficient to establish that sustained use over a long period has enhanced the distinctiveness of the mark but it does not show a huge reputation. The earlier mark is distinctive to a reasonably high degree (i.e. between medium and high) for passenger airline services."
52. Fourth, the Hearing Officer's findings of unfair advantage were reasonable. The Appellant had not identified a material error of law or principle.
53. In my view the Hearing Officer's was entitled to come to the view she did. Her view on the similarity of services and analysis of the link was careful and reasonable. At paragraph [76] of the Decision the Hearing Officer referred back to her finding at paragraph [55], showing that she consistently treated "passenger airline services" as a subset of "air transportation services". In considering a likelihood of confusion she was entitled to take judicial notice of matters within her experience, as discussed in relation to the first ground of appeal. She divided up the specification of retail services in class 35 into those that might and might not be found at an airport, where the Earlier Mark would be brought to mind. Her consideration of class 43 was similarly thorough.
54. The Hearing Officer concluded that this was a case of the type described in *Jack Wills* where the use would be unfair even though there was no proof of a subjective intent to exploit the reputation and goodwill of the Earlier Mark.
55. The Hearing Officer identified the unfairness as resulting from a consumer's belief that the purchased services are those of another or from the economic advantage gained by using a mark familiar to consumers as a result of the earlier mark owner promoting the mark and from which the later mark benefits without recompense. This is more than a simple economic gain by the owner of the later mark. This was a conclusion she was entitled to reach.

The third ground – consent, due cause and the Agreement

56. The Appellant said that the Agreement was worldwide in its operation and provided consent to registration of the Mark in the UK or that the registration was otherwise made with due cause.

57. The Hearing Officer set out s.5(5) (which deals with consent) and the approach to due cause in *Leidesplein Beheer BV v Red Bull*.
58. The Appellant said that the Hearing Officer was mistaken in concluding that the Agreement did not provide consent. This argument turned on the Appellant's construction of the Agreement. The Appellant said that certain clauses apply to Hong Kong and the PRC, but those clauses which do not, in particular clauses 6 and 8, are worldwide in operation. The worldwide clauses contain the consent relied upon.
59. On due cause, the Appellant argued that the Hearing Officer had failed to consider the basis for that, which was the long-standing use in the DELTA hotels business; the Agreement; and Respondent's conduct and various letters of consent to registration provided in other jurisdictions.
60. The Respondent said that the Hearing Officer had correctly concluded that the Agreement was not relevant to the application for a declaration of invalidity. It was not a consent to registration of the Mark in the UK. The construction for which the Appellant contended was too broad and not supported by the recitals and operative terms.
61. The Respondent complained that the Appellant's argument on the Agreement had been introduced in counsel's skeleton argument at a very late stage in the invalidation proceedings with no attempt to prove or explain the Agreement under its governing law. There was no pleading under s.5(5) of the Act. The Hearing Officer was wrong to accept that there was an argument to be made but had been right to reject that argument. Section 5(5) requires clear and unequivocal consent to the act complained of, following *Zino Davidoff v Levi Strauss* (joined cases C-414-416/99) [2002] RPC 20 and *Sebago Inc. and Ancienne Maison Dubois et Fils SA v GB-Unic SA*, Case C-173/98, EU:C:1999:347. The defence of due cause was not the same as a defence of consent, and due cause was argued only in respect of s.5(3).
62. The Respondent argued that it had been prejudiced by the late introduction of the Appellant's argument which was in effect a late amendment to its case. The argument should have been considered as such and rejected on the basis of the case law considering permission to amend.
63. In response to the Respondent's Notice, the Appellant said that the Agreement had been cited in the Appellant's TM8 (the defence to the invalidation action) and explained in evidence. The Appellant rejected the Respondent's interpretation of s.5(5) as requiring consent in the same way as *Davidoff* and *Sebago*, which were cases concerning infringement.
64. The Agreement is titled "Trade Mark Coexistence Agreement". It was made on 25 March 2015 between Delta Hotels Limited Partnership ("Delta Hotels") (the Appellant's predecessor in title) and the Respondent. It is governed by Hong Kong law. Neither party adduced any evidence as to its meaning under Hong Kong law or suggested that law was different from English law.
65. The recitals say that Delta Hotels wish to register certain marks in Hong Kong and PRC, including "Delta Hotels" and "Delta Hotels and Resorts", in text and logo forms in English, ideograms and mixed versions listed in Schedule 1. Delta Hotels also owns

certain registrations in the PRC. Those marks together are the “Delta Hotel Marks”. The Respondent owns certain marks and applications in Hong Kong and the PRC. Those “Delta Air Lines Marks” are listed in Schedule 2. The Respondent owns certain applications/registrations for DELTA VACATIONS in other jurisdictions. Full particulars of those marks in the US and Japan are set out in Schedule 3. The Respondent had filed two oppositions in Hong Kong.

66. Recital E says:

“Delta Hotels and Delta Air Lines have mutually agreed that the Delta Hotels Marks may co-exist with the Delta Air Lines Marks in Hong Kong and PRC in accordance with the terms and conditions as set out in this Agreement”.

67. By clause 1 Delta Hotels agreed to amend its applications in Hong Kong. By clause 2 the Respondent agreed to withdraw its oppositions in Hong Kong. By clause 3 Delta Hotels agreed to amend its applications in PRC and by clause 4 the Respondent agreed to withdraw its oppositions in PRC.

68. Clauses 5 and 6 address the future and provide as follows:

“5. Delta Air Lines will not challenge, object and/or oppose the use and registration of the Delta Hotels Marks in classes 35, 39, 41 and 43 and will provide a letter of consent to facilitate the registration of the Delta Hotels Marks in the said classes covering services as permitted under paragraphs 1 through 4 above in Hong Kong and China as may be reasonably required by Delta Hotels. Delta Hotels shall reimburse the reasonable costs of Delta Air Lines in providing the letter of consent.

6. Delta Air Lines will not in the future challenge, object to and/or oppose the use and registration of, and upon Delta Hotels’ request will consent in writing to, any future application(s) and registrations by Delta Hotels or its affiliates or successors in interest for the mark “Delta” or any mark incorporating “Delta” (including its transliteration in Chinese and other languages) in Classes 35, 39, 41 and 43, provided that the goods and services claimed in such application(s) and registrations are consistent with the services covered by the Delta Hotels Marks and permitted under paragraphs 1 through 4 above.”

69. By clauses 7 and 8 Delta Hotels gave undertakings corresponding to those given by Delta Air Lines in clauses 5 and 6. Clause 7 applied to the marks in Schedule 2 and clause 8 to future applications/marks in classes 16, 35, 38, 39 and 45 which are consistent with Schedule 2.

70. Clause 9 provides:

“Each of Delta Hotels and Delta Air Lines undertakes to the other that it will cooperate in good faith to agree upon a mutually acceptable compromise, consent and/or co-existence along the lines set forth in this Agreement if the Delta Hotels Marks and the Delta Air Lines marks, or similar variations including transliteration in Chinese and other languages thereof and marks for or comprising “DELTA” such as “DELTA VACATIONS” owned by Delta Air Lines, appear to conflict or overlap in other jurisdictions in the future. Delta Hotels will not challenge, object and/or oppose the use and registration of Delta Air Lines’ marks listed in Schedule

3. Each of Delta Hotels and Delta Air Lines undertakes to each other that either party shall execute such documents, take such steps and perform such acts and things as the other party may reasonably require to give such other party the full benefits of this Agreement in accordance with the terms of this Agreement”.

71. In my view the Agreement is intended to operate as a co-existence for specific marks principally in Hong Kong and the PRC. Clauses 1 to 4 deal with existing oppositions in Hong Kong and the PRC. Clauses 5 to 9 deal with the future. Clauses 5 and 7 relate expressly to Hong Kong and the PRC and clause 9 to “other jurisdictions”. I have set out clause 6 above, and clause 8 corresponds to that. Clause 9 contains an agreement to cooperate outside Hong Kong and the PRC and an obligation on Delta Hotels not to challenge the Schedule 3 marks.
72. Clauses 5 and 6 should also be read together to cover the Delta Hotels Marks (clause 5) and other ‘Delta’ marks (clause 6) where the “registrations are consistent with the services covered by the Delta Hotels Marks and permitted under paragraphs 1 through 4 above”. In my view Clause 6 extends beyond clause 5, but not in geographical scope as the Appellant contends.
73. The structure of the Agreement is directed towards Hong Kong and the PRC. The recitals, in particular Recital E, set out terms for a co-existence in respect of certain marks in Hong Kong and the PRC. If the Agreement was intended to create a worldwide co-existence then a reader would have expected the recitals to mention jurisdictions other than Hong Kong and the PRC. Instead, a specific mention is made of only two marks outside Hong Kong and the PRC - the Schedule 3 marks of the Respondent in Japan and the USA.
74. In the context of the other clauses it does not appear that clauses 6 and 8 operate worldwide. The inclusion of the Schedule 3 marks in clause 9 indicate that is the clause that deals with jurisdictions other than Hong Kong and the PRC. Further, if clauses 6 and 8 were worldwide in scope then the negative obligations they contain would in practice significantly reduce the scope of clause 9, and some acknowledgement of that might have been expected.
75. The Hearing Officer concluded at paragraph [105] of the Decision that the Agreement was limited to Hong Kong and the PRC because “Had clauses 5 to 9 had worldwide scope, the undertaking regarding the Schedule 3 marks would not have been necessary”. Clause 9 addresses “other jurisdictions” so the Agreement does have scope beyond Hong Kong and the PRC. The Schedule 3 marks were already registered so would not fall in the scope of clause 8, and they were outside the Hong Kong and the PRC limitation in clause 7. On this point the Hearing Officer was incorrect.
76. The Agreement does not provide consent to the registration of the Mark.
77. The Appellant’s appeal on due cause was based, in addition to the Agreement, on evidence that it had used “Delta” in relation to hotels as part of its Marriott Rewards programme and that information about that had been sent to users in the UK between 2015 and 2017. The hotels were in the US and Canada. The Hearing Officer found that there were no hotels operating under the Mark in the UK at the relevant date and that it was unclear that UK customers would have seen the “Delta” sign amongst others used, given it was for what appeared to be a Canadian business. The evidence did not show

that the Mark had any reputation in the UK. In the absence of any business in the UK the proprietor faced an “uphill battle” to show due cause. It had not done so and the defence failed.

78. The Appellant complained that the Hearing Officer should have looked at the circumstances both inside and outside the UK. The evidence showed that the Delta hotels business had been trading for a substantial time and was known to the Respondent. The Agreement was relevant, even if it was territorially limited, and the Respondent had consented to registrations in other jurisdictions.
79. In my view the Hearing Officer was entitled to reach the conclusion she did. The Agreement did not provide consent, and as her consideration of the “uphill battle” faced by the Respondent shows, she was considering the position outside the UK as well as inside (where she had found there was no business).
80. It follows from my finding on the Agreement that I do not need to consider the Respondent’s argument on the Hearing Officer’s approach to the argument about the Agreement. If I had had to do so, I would have rejected the Respondent’s argument. Before me the parties agreed that procedure before the Hearing Officer was governed by the Trade Marks Rules 2008 and not the CPR and that the Hearing Officer was not constrained, for example by the rules on amendment.
81. The Respondent submitted that the Hearing Officer had made a number of errors in her approach. Contrary to those submissions, I do not believe the Hearing Officer assumed that the underlying issue of consent was the same as due cause, and her decision to consider the matter of consent was within her discretion as a matter of case management. It did not significantly prejudice the Respondent and it is not said that the Appellant deliberately held back the argument on consent. The parties both have significant resources and were fully represented in the process. The Appellant introduced the Agreement as part of its evidence, and the Respondent had the opportunity to consider it and to raise questions about it, in particular as to Hong Kong law and the relevant factual matrix.

Conclusion

82. The appeal is dismissed.