

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 81371  
FOR A DECLARATION OF INVALIDITY OF  
TRADE MARK REGISTRATION No. 2283796  
IN THE NAME OF AJIT NEWSPAPER ADVERTISING, MARKETING &  
COMMUNICATIONS INC.**

**AND IN THE MATTER OF  
AN APPEAL TO THE APPOINTED PERSON  
AGAINST THE DECISION OF MR. J. MACGILLIVRAY  
DATED 2 FEBRUARY 2005 (BL O/030/05)**

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**DECISION**

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**Introduction**

1. On 24 October 2001, Ajit Newspaper Advertising, Marketing & Communications Inc. (“the Registered Proprietor”) applied to register the following designation for use in relation to various goods in Class 16:



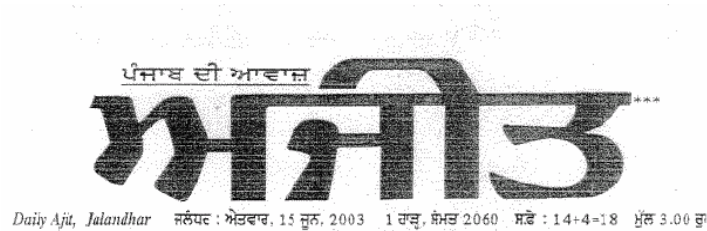
2. The application proceeded to registration under number 2283796 in respect of printed matter, photographs, teaching material, printed publications, newspapers with the Mark claim/limit inserted:

The Hindi and Punjabi characters and word in the mark mean “Invincible”.

3. On 30 July 2003, Sadhu Singh Hamdard Trust (“the Applicant”) applied to the Registrar of Trade Marks for a declaration to the effect that UK Trade Mark No. 2283796 had invalidly been registered in the name of the Registered Proprietor.

4. In the statement of grounds, the Applicant provided certain background information:

- (i) The Applicant is the publisher of a daily newspaper in Jalandhar, Punjab, India and uses the masthead shown below:



The masthead comprises the word “ਅਜੀਤ” in red and in stylised lettering (“the AJIT logo”). The word is transliterated in English as AJIT and means “invincible”. Ajit was also the name of the eldest son of the Tenth Guru of the Sikh religion, Gobind Singh.

- (ii) The Applicant claims that it is also the true owner of the following trade marks:

- (a) AJIT in plain Punjabi script – ਅਜੀਤ  
(b) AJIT in plain Latin script – AJIT  
(c) AJIT logo – ਅਜੀਤ

- (iii) The Applicant’s newspaper has been published continuously under the mark AJIT since 1959 and under the AJIT logo since 1984. It is written predominantly in the Punjabi language and has the largest circulation of any Punjabi language newspaper in the world. The name of the newspaper is a household name in Punjab and well known among the Punjabi community worldwide. The Applicant sells advertising space in its newspapers. The Sunday edition includes a magazine.
- (iv) For many years the Applicant has supplied a small number of copies of its newspaper directly to libraries and other regular subscribers in the UK. Distributors who are not under the Applicant’s control supply a larger number of the Applicant’s newspaper to retail outlets in the UK.
- (v) The Registered Proprietor has registered in the UK a designation consisting of an exact copy of the AJIT logo accompanied by the words AJIT WEEKLY in respect of printed matter, photographs, teaching material, printed publications, newspapers in Class 16 and has since April 2003 been publishing a weekly Punjabi newspaper in the UK using a masthead that incorporates an exact copy of the AJIT logo together with the words UNITED KINGDOM or AJIT WEEKLY.

- (vi) The relevant sector of the UK public who may wish to buy either the Applicant's or the Registered Proprietor's newspapers is limited to those who can read Punjabi.

5. The grounds for invalidity relied upon by the Applicant were shortly stated:

- (a) Under section 47(2)(a) of the Trade Marks Act 1994 ("the TMA") there is an earlier trade mark to which the conditions of section 5(2)(b) obtain.

The Applicant's marks listed at 4(ii) above are well known marks within the meaning of section 56 of the TMA, Article 6*bis* of the Paris Convention and Article 16 of the TRIPS Agreement and therefore qualify as earlier trade marks under section 6(1)(c) of the TMA in respect of newspapers and magazines.

- (b) Under section 47(2)(b) of the TMA there is an earlier right to which the conditions of section 5(4)(a) obtain, i.e., use of the Registered Proprietor's trade mark in the United Kingdom is liable to be prevented by the law of passing off.
- (c) The Registered Proprietor must have known of the Applicant's trade marks as is confirmed by the inclusion in the mark in suit of the AJIT logo. The mark was applied for in bad faith contrary to section 3(6) of the TMA and is liable to be declared invalid pursuant to section 47(1).

6. The Registered Proprietor joined issue with the Applicant upon some of these contentions and denied that UK Trade Mark No. 2283796 was invalidly registered. In particular, the Registered Proprietor stated:

- (a) The Applicant is not the owner of the marks shown at 4(ii) above.
- (b) Although the name of the Applicant's newspaper may be well known in the Punjab, it is not well known among the Punjabi community worldwide. The Registered Proprietor has been unable to obtain a copy of the Applicant's newspaper in Birmingham, England where there is a large Punjabi-speaking population.
- (c) The mark in suit does not incorporate an exact copy of the AJIT logo.
- (d) The Registered Proprietor's newspaper is free and contains sections written in English that may be read by English speaking people. Its readership is not therefore limited to Punjabi speakers.
- (e) The Registered Proprietor claims earlier rights "as described in section 6(1)(c) of the UK Trade Marks Act 1994" because it has published a weekly newspaper using the name AJIT in Canada and the USA for a number of years.

7. Evidence was filed on both sides. The Applicant applied unsuccessfully to cross-examine the Registered Proprietor's main witness, who refused to attend on the basis that if he left Canada, he would not be allowed back into that country. The Hearing Officer heard arguments from the representatives of both parties and decided that the Applicant's ground for invalidity under section 47(1) was made out: Trade Mark No. 2283796 had been applied for in bad faith contrary to section 3(6) of the TMA (BL O/030/05). The Hearing Officer did not come to any decision on the other grounds for invalidity advanced by the Applicant namely, section 47(2)(a)/section 5(2)(b) and section 47(2)(b)/section 5(4)(a) of the TMA. This appeal is against the Hearing Officer's invalidation of Trade Mark No. 2283796 under section 47(1)/section 3(6) of the TMA because of bad faith in the application. There is no cross-appeal.

### **Evidence in support of the application for a declaration of invalidity**

8. The evidence in support of the application for a declaration of invalidity consisted of a witness statement of Prem Singh dated 11 November 2003. Mr. Singh is the Chairman of the Applicant a position that he has held since 1996. He makes his statement from his personal knowledge and the records of the Applicant.
9. Mr. Singh provides further information regarding the Applicant's newspaper. It was first published in 1955 under the name "Ajit Patrika" (unconquerable newspaper) but was changed in 1959 to "Ajit" (invincible or unconquerable), which has been used ever since. The name "Ajit" is registered for the Applicant's newspaper with the Office of the Registrar of Newspapers for India. Under Indian legislation that prevents others using the same name for a newspaper in India. Confirmatory materials are exhibited at PS1. The newspaper's founder was Dr. Sadhu Singh Hamdard. He donated it to the Applicant in 1977 by way of a public charitable trust directed to the development and progress of the Punjabi people. Both Dr. Sadhu Singh Hamdard and the Applicant's newspaper are renowned for their political independence. Mr. Singh describes persons of eminence in India who are or have been involved with the Applicant and its newspaper.
10. Mr. Singh exhibits at PS2 a number of photocopies showing development of the AJIT logo from 1959 to 1993. The present form of the logo came into being in 1984. Mr. Singh goes to some lengths to demonstrate that the AJIT logo is not a standard font but is especially stylised and distinctive. The flattened "hook" above the word is particularly unusual. Copies of the Applicant's newspaper dated before and after the filing date of the mark in suit are exhibited (PS3). Mr. Singh observes that the masthead is dominated by the bold, red AJIT logo. The small Punjabi characters above the logo mean "Voice of Punjab". Below the logo appear the words, "Daily Ajit, Jalandhar" in English together with the date and price. Mr. Singh goes on to describe the typical contents of the Applicant's daily newspaper. Magazine supplements accompany each daily edition except on Thursdays. On Sundays, the supplement is the Ajit Magazine. Several editions of the newspaper are

published daily and although principally in the Punjabi language, small sections may be in English often advertisements. There is a Hindi edition.

11. Circulation figures (1975 – 2002) are given for the Applicant’s newspaper certified by the Audit Bureau of Circulations, Bombay (PS4). These show that around the filing date of Trade Mark No. 2283796 on 24 October 2001, the average daily circulation of the Applicant’s newspaper was 245,017 (about three times higher than the Punjabi Tribune, a competitor newspaper). A report by IRS, another autonomous body (PS4) states that on average 8 persons read each copy of the Applicant’s newspaper in India. Mr. Singh concludes that readership of the Applicant’s newspaper in October 2001 was more than 1,960,136 copies per day. Mr. Singh provides evidence (PS8) that circulation figures at the time of his witness statement were 300,700 copies giving a readership of 2.5 million, which is about 10% of the population of Punjab. Reports from the Audit Bureau of Circulations for 1990 (PS4) indicate that average daily circulation figures outside India for the Applicant’s newspaper in that year were 77 – 87. There are no such reports for subsequent years. Although there were murmurings over the manner in which circulation/readership figures were originally given in the statement of grounds, I do not understand the Registered Proprietor to take issue with these figures.
12. There are subscribers of the Applicant’s newspaper in the UK especially the Sunday edition, which contains a review of the week’s news from Punjab and the Ajit magazine. Some of these subscribers obtain their newspapers direct from the Applicant. Mr. Singh exhibits a list of the number of direct subscribers in the UK for each six-month period from 1990 to 2002 (PS5). Generally speaking the six-monthly figures are in the low to mid twenties. Also exhibited are lists of names and addresses of direct UK subscribers (PS5) as at (a) 24 October 2001, 13 UK subscribers including a library in the West Midlands and a librarian in Middlesex and (b) 15 October 2003, 26 UK subscribers with libraries in Leicester and Nottingham and librarians in Middlesex and Wolverhampton. Mr. Singh explains that copies of the Applicant’s newspaper are more commonly supplied via distribution companies that are not subject to the control of the Applicant. He says that many copies reach the UK in this way and are sold by news vendors/other outlets. He is unable to provide precise numbers but says that the Registered Proprietor’s evidence from members of the UK Punjabi community makes clear that copies of the Applicant’s newspaper are obtained and read otherwise than directly from the publishers.
13. Mr. Singh notes from the counterstatement that the Registered Proprietor is connected with a free weekly newspaper in Canada published under the name Ajit Weekly. He says the existence of that newspaper was brought to the Applicant’s attention in the early 1990s. On being advised that preventative action in Canada would be prohibitively expensive, the Applicant decided not to pursue the matter in any event believing that the Registered Proprietor’s newspaper was unlikely to survive because of fierce competition in the Canadian free newspaper market.

14. Mr. Singh says that when the Registered Proprietor's newspaper was first published in the UK during April 2003 under a masthead similar to the mark in suit, the Applicant received a number of telephone calls enquiring about that newspaper. According to Mr. Singh, although the general format of the two newspapers is the same, the Applicant's and the Registered Proprietor's newspapers support different political views, which has caused confusion in the UK. Also, the Registered Proprietor's newspaper apparently contains advertisements for black magic practitioners, which may be damaging to the Applicant's newspaper.
15. The Registered Proprietor's newspaper states that its Editor-in-Chief is Dr. Professor Darshan Singh. Mr. Singh exhibits (PS9) a Business Information Report prepared by Dun & Bradstreet, dated 6 November 2003, which states that Dr. Darshan Singh has been President of the Registered Proprietor since its inception in 1992 and holds 50% of the shareholding. An extract from Shergill's Indians Abroad (PS9) containing an entry for Dr. Darshan Singh says that he was professor of history at a university college in Jalandhar for 21 years. Mr. Singh remarks that Jalandhar – the city where the Applicant's newspaper is published – has around 700,000 inhabitants. Mr. Singh says it is therefore certain that Dr. Darshan Singh would have been fully acquainted with the Applicant's newspaper and its style. Moreover, Mr. Singh believes that whilst in Jalandhar, Dr. Darshan Singh published a Punjabi magazine called "Sampark". Mr. Singh considers that Dr. Darshan Singh's subsequent choice of the Ajit name and decision to use the identical logo indicates that he was aware of the Applicant newspaper's reputation under those designations. Mr. Singh further considers that Trade Mark No. 2283796 was applied for in the knowledge that the Ajit name was well known among the UK Punjabi community as identifying the Applicant's newspaper and that confusion would arise. It was therefore filed in bad faith.
16. Mr. Singh says that the Applicant has considered expanding its activities in view of the number of members of the Punjabi Community who live abroad. The Applicant already reaches a wider audience through its website launched in July 2002 (after the date in suit). The Ajit logo is visible on every page of the website, which has received many tens of thousands hits originating from the UK. Mr. Singh comments that the Applicant's plans are hampered in the UK, inter alia, through the registration in suit.
17. The remainder of the Applicant's evidence comprised 24 witness statements of members of the UK Punjabi Community. In summary:
  - (a) All speak to the reputation of the Applicant's Ajit newspaper.
  - (b) All acquired copies of the Registered Proprietor's Ajit Weekly newspaper and mistook them for the Applicant's Ajit newspaper. They either complained about the contents to the Applicant direct and were informed that this was not the Applicant's newspaper or made enquiries to that effect.

- (c) Some read the Applicant's newspaper in the UK (and have done so for several years) and are direct subscribers (with the exception of St. Barnabas Library, Leicester – additions to the lists of subscribers at PS5).
- (d) Mr. Dildar Singh is a newsagent. He has sold copies of the Applicant's Ajit newspaper from his shop in Leicester since 1999 (at the date of his witness statement, 17 December 2003, five copies per week of the Sunday edition). He obtains his stocks of the Applicant's newspaper through an agency in Mumbai.
- (e) Mr. Gurjeet Singh Samra is senior librarian at St. Barnabas Library, Leicester. Due to the demand from Leicester's Punjabi community, the library has stocked the Applicant's Ajit newspaper for 9 years. The library subscribes direct to the Applicant and receives copies of the newspaper every day. Around 15 – 20 people read these copies everyday.

### **Registered Proprietor's evidence**

- 18. The Registered Proprietor's evidence in response consisted of a statutory declaration of Dr. Darshan Bains (also known as Dr. Professor Darshan Singh) and witness statements of Iqbal Ramoowalia, Balraj Deol, Balraj Sidhu and Arashdeep Singh.
- 19. Dr. Bains, in his declaration of 2 February 2004, confirms that he is the CEO, Editor in Chief and Publisher of the Registered Proprietor, which is a Canadian newspaper company. The company is owned by Dr. Bains and his wife. Dr. Bains also confirms that he taught history at University College, Jalandhar and that he edited a Punjabi language magazine in Jalandhar called "Sampark". Dr. Bains moved to Canada in 1992 and launched the Registered Proprietor's Ajit Weekly free newspaper from Toronto, Ontario in 1993. In 1997, the Registered Proprietor's Ajit Weekly free newspaper was also launched in the USA. A website [www.ajitweekly.com](http://www.ajitweekly.com) was started in 1998 to promote Ajit Weekly. Dr. Bains emphasises that the website is accessible throughout the world and can be read by anyone who speaks Punjabi. He exhibits (Ajit-13) independent statistics to show the current geographic spread of hits.
- 20. Dr. Bains continues that following on from success in North America, the Registered Proprietor launched its newspaper in the UK in April 2003. So far 43 UK editions of Ajit Weekly (each with a print run of 10,000) have been published. Copies of a Canadian application for registration of the mark in suit filed on 13 May 2003 and a US registration of a substantially similar mark dated 23 November 1999 in the name of Ajit Weekly Inc. are exhibited at Ajit-16. Dr. Bains claims that extending Ajit Weekly to the UK constitutes a natural expansion of the Registered Proprietor's activities North America. He asserts that Ajit Weekly was a well known mark in the UK before the application date of the mark in suit since four English companies advertised in

the Registered Proprietor's North American editions week ending 17 October 2001.

21. There is a denial that the mark in suit was chosen in bad faith. Dr. Bains puts forward the following reasons for the Registered Proprietor's choice of the name Ajit Weekly: the newspaper is a weekly; Ajit is a common Punjabi first name; Ajit Singh was a famous Punjabi warrior and martyr. No explanation is given for adoption of the logo element of the mark in suit. The remainder of Dr. Bains's evidence is devoted to comments on the Applicant's evidence.
22. The point of the witness statements of Iqbal Ramoowalia and Balraj Deol, both Canadian residents, is to state their beliefs that Ajit Weekly is the largest Punjabi Weekly in the world. The witness statements of Balraj Sidhu, dated 9 February 2004, and Arashdeep Singh, dated 6 February 2004, concern surveys conducted by them as employees of the Registered Proprietor in January/February 2004. Mr. Sidhu's survey was carried out through advertisements in UK editions of Ajit Weekly and resulted in a number of witness statements, summarised by the Hearing Officer as follows (paragraph 35):

“All the statements closely correspond with one another. Out of 16 respondents, all of them read Ajit Weekly, none knew of any connection between any Punjabi newspapers and none made a connection between the UK edition of Ajit Weekly and the applicant's publication.”

Mr. Singh's survey took place over the Internet<sup>1</sup>. Again it is expedient to refer to the Hearing Officer's conclusions (paragraph 38):

“The upshot of the [Internet] survey appears to be that none of the 190 respondents had heard of the applicant's newspaper, nor perceived any connection between any two publications published in the Punjabi language. Out of the 190 respondents, only 17 were residents of the UK.”

### **Evidence in reply**

23. The Applicant's evidence in reply largely seeks to address Dr. Bains's accusation that the Applicant's witnesses as to confusion were obtained by two Punjabi weekly newspapers in the UK in order to stamp out competition from the Registered Proprietor. Thus, several of the Applicant's witnesses provide second witness statements confirming their independence and impartiality. Mr. Prem Singh's second witness statement additionally takes issue with some of the circulation and readership figures claimed by Dr. Bains for Ajit Weekly. There is an affidavit of Iqbal Ramoowalia withdrawing an earlier witness statement on behalf of the Registered Proprietor.

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<sup>1</sup> It seems from the Registered Proprietor's Canadian website.



### **Registered proprietor's further evidence**

24. Balraj Singh makes a second witness statement exhibiting two more witness statements arising out of his survey in similar terms to those already described.

### **The Hearing Officer's decision**

25. After noting that the Applicant claimed invalidity of UK Registration No. 2283796 under section 47(1) of the TMA on the ground that the application was made in bad faith contrary to section 3(6), the Hearing Officer instructed himself as to the relevant case law in the following terms (paragraphs 52 – 54):

“52. In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

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

53. In *Harrison v. Teton Valley Trading Co* [2004] EWCA Civ 1028, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v. Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. .... Therefore I consider .... that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad

faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

54. Thus in considering the actions of an applicant, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.”

26. The Hearing Officer also made certain findings of fact (paragraph 55):

“55. The relevant facts before me are as follows –

(i) At the relevant date i.e. the date of application for the mark in suit (24 October 2001), the registered proprietor had not used the mark in the UK and there is no persuasive evidence that the registered proprietor possessed goodwill in this mark in the UK at that date;

(ii) The applicant for invalidity had no substantial use of the “AJIT” mark in the UK at the relevant date. As at 24 October 2001 the applicant had thirteen subscribers (including one library) to its newspaper in the UK. Although some further copies were obtained by individuals through other means, the quantities involved, while unspecified are small;

(iii) While the applicant for invalidity had no substantial sales of its “AJIT” newspaper in the UK, the evidence demonstrates that its “AJIT” newspaper is very successful and well known in the Punjab;

(iv) The registered proprietor is owned 100% by Dr Bains (the Chief Executive Officer, Editor in Chief and Publisher) and his wife;

(v) Dr Bains originates from the Punjab where he has been a university teacher in Jalandhar (the headquarters of the applicant for revocation’s [sic – invalidity’s] newspaper). He has also been an historian, an author and a lecturer in Journalism.”

27. Turning to the issue of bad faith, the Hearing Officer continued (paragraphs 56 – 65):

“56. Notwithstanding, the registered proprietor’s explanation of how the mark in suit was chosen, I have no doubt that it is essentially the same as the title used on the applicant’s newspaper in that the distinctive dominant component are the Hindi and Punjabi characters – the “Ajit logo”. The additional material in the applicant’s title e.g. the transliteration of “The Voice of Punjab” consists essentially of a strapline, while the word “WEEKLY” in the mark in suit merely denotes a weekly as opposed to a daily publication. The registered mark is overall closely similar to that of the applicant’s “Ajit logo” – its newspaper title and trade mark. Furthermore, the “Ajit logo” and the word AJIT are inherently fully distinctive in relation to the relevant goods – a point agreed by the registered proprietor at the hearing.

57. Given his background, it seems to me that Dr. Bains (and thus the registered proprietor) must have been aware of the longstanding use and reputation of the applicant’s trade mark – the “Ajit logo” – in the Punjab at the relevant date. While this in itself does not indicate bad faith I have also to take into account that the relevant consumer for the goods in this particular case are Punjabi speakers/the Punjabi community in the UK.

58. The evidence indicates and in any event I take judicial notice that, there is a substantial Punjabi Community in the United Kingdom. A large proportion of this community (albeit an aging one) would have emigrated from the Punjab to the UK and would be aware of the existence and reputation of the applicant’s newspaper sold under the “Ajit logo” (its trade mark) in the Punjab. Continuing contact between the UK’s Punjabi Community and its Punjabi roots would reinforce this knowledge.

59. In the light of the above I have no doubt that, at the relevant date, a substantial proportion of relevant consumers i.e. Punjabi speakers/the Punjabi Community in the UK, coming across the registered proprietor’s trade mark on a weekly newspaper would have believed it emanated from or was published in association with the applicant. I am fortified in this finding by the applicant’s evidence, which although relating to a period after the relevant date, illustrates that such confusion did result. The registered proprietor criticises this evidence as coming from “friends” etc. of the application. However I see no reason to discount the statements which are made by numerous individuals of high standing within the UK’s Punjabi Community.

60. In the light of my findings above, it seems to me that Dr Bains (and thus the registered proprietor) must have been aware that the applicant’s “Ajit logo”, in relation to newspapers, would be widely known amongst the UK Punjabi Community and that the registration

and use of the mark in suit would result in confusion and deception to the detriment of the applicant.

61. I go on to consider the registered proprietor's submissions that as it had an established business under the mark in North America at the relevant date, it was a natural progression in trade to extend its business into another English speaking territory.

62. I do not find these submissions of assistance. I have no evidence on how customers in North America perceive the mark at issue and in any event these proceedings are directed at the registered proprietor's actions in the UK in the light of their likely consequences, bearing in mind the relevant customer within the UK and the repute of the applicant amongst the relevant public. Furthermore, even taking into account the "natural progression" in trade point, it seems to me not to alter the basic premise that the registered proprietor must have been aware of the applicant for revocation's [sic – invalidation's] reputation in its AJIT logo/trade mark for newspapers in the Punjab would be known to a substantial proportion of the UK's Punjabi community and that confusion and deception was likely to result from its actions.

63. I am reminded of the comments of Nicholls LJ in the Privy Council judgement *Royal Brunei Airlines Sdn Bhd v. Tan* [1995] 2 AC 378, when he described dishonesty as "... to be equated with conscious impropriety". This was in the context of accessory liability in the misapplication of trust assets to the detriment of a beneficiary. However, I think the same general principles would apply in trade mark law in the context of the current proceedings. He added:

"In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others' property .... The individual is expected to attain the standard which would be observed by an honest person in those circumstances. It is impossible to be more specific. Knox J captured the flavour of this, in a case with a commercial setting, when he referred to a person who is "guilty of commercially unacceptable conduct in the particular context involved": see *Cowan de Groot Properties Ltd v. Eagle Trust Plc* [1992] 4 All ER 700 at 761. Acting in reckless disregard of others' rights or possible rights can be a tell-tale sign of dishonesty. An honest person would have regard to the circumstances known to him, including the nature and importance of the proposed transaction, the nature and importance of his role, the ordinary course of business, the degree of doubt .... Ultimately, in most cases, an honest person should have little difficulty in knowing whether a proposed transaction, or his participation in it, would offend the normally accepted standards of honest conduct."

64. In my view, the actions of Dr Bains in seeking to register the mark in suit amounted to reckless disregard as to the obvious confusion, deception and detriment which would result. Certainly, his actions fell short of the standards of acceptable commercial behaviour.

65. The application for invalidation is successful under section 47(1) of the Act because the registered proprietor filed the application in bad faith contrary to Section 3(6) of the Act.”

### **The appeal**

28. On 2 March 2005, the Registered Proprietor filed notice of appeal to an Appointed Person under section 76 of the TMA. The grounds of appeal are that the Hearing Officer’s decision under section 47(1)/section 3(6) is wrong in law and proceeds on the basis of an incorrect interpretation of the facts. If the appeal is successful, the Registered Proprietor requests that the case be remitted to the Registry for determination of the alleged section 47(2)(a)/section 5(2)(b) and section 47(2)(b)/section 5(4)(a) grounds for invalidity. In that event, the Registered Proprietor also seeks an award of costs.
29. At the hearing of the appeal, the Registered Proprietor was represented by Mr. Simon Malynicz of Counsel. Mr. George Hamer of Counsel appeared on behalf of the Applicant for invalidation. Mr. Malynicz intimated that the Registered Proprietor no longer sought remittance of the case on the section 47(2)(b)/section 5(4)(a) ground. Mr. Malynicz says that the Hearing Officer determined the section 47(2)(b)/section 5(4)(a) issue at paragraph 55(ii) of the decision (see paragraph 26 above). Since there is no cross-appeal against that finding, remittance to the Registry would be futile. On enquiry, Mr. Malynicz confirmed that the Registered Proprietor did not seek to amend the statement of grounds of appeal. I therefore entertained his request no further.
30. Both parties agree that the nature of an appeal to an Appointed Person is review and not rehearing. This tribunal should show a real reluctance, but not the very highest degree of reluctance to interfere, in the absence of a distinct and material error of principle (*REEF Trade Mark* [2003] RPC 101 per Robert Walker L.J. at 110, *DU PONT Trade Mark* [2004] FSR 293).

### **The facts**

31. The Registered Proprietor argues that, in the words of Mr. Malynicz, the UK is *terra nullius*. According to the findings of the Hearing Officer, there existed no prior legal rights in the mark in suit in the UK at the application date (24 October 2001). Admittedly the Applicant’s Ajit daily newspaper enjoys reputation in India, but in the absence of a declared intention by the Applicant to expand its activities here (*DAAWAT Trade Mark* [2003] RPC 187), the UK must be considered fair game. The Registered Proprietor commenced trading in Canada almost a decade ago and it was a natural progression of the Registered Proprietor’s business to seek to publish its Ajit weekly newspaper in the UK. The Registered Proprietor cannot be considered to have applied for the mark in suit in bad faith. Moreover, given the Hearing Officer’s finding of

*de minimus* use by the Applicant in the UK at the relevant date, the Hearing Officer's conclusions on the likelihood of confusion and deception resulting from the Registered Proprietor's use of the mark in suit were completely misplaced.

32. I agree with Mr. Hamer that the Registered Proprietor presents a partisan view of the Hearing Officer's findings, which in actual fact included:
- (i) The AJIT word and "Ajit logo" are possessed of full inherent distinctive character in relation to the goods in question. Despite the Registered Proprietor's explanation, the mark in suit is closely similar to, or essentially the same as, the Applicant's "Ajit logo".
  - (ii) The Applicant had no *substantial* use of its AJIT marks in the UK at the relevant date. However, there were at least 13 direct UK subscribers (including one library) to the Applicant's AJIT newspaper at that date. Additional individuals in the UK bought the Applicant's newspaper through newspaper distributors unrelated to the Applicant but the numbers of those UK customers were probably small.
  - (iii) The Applicant's AJIT newspaper is very successful and well known in the Punjab.
  - (iv) There is a substantial Punjabi Community in the UK. A large proportion of that Community would know of the existence and the reputation of the Applicant's AJIT newspaper. The Applicant's "Ajit logo" in relation to newspapers would be widely known amongst the Punjabi Community in the UK.
33. Mr. Hamer cited *Pete Waterman Ltd v. CBS United Kingdom Ltd* [1993] EMLR 27 and *Jian Tools for Sales Inc. v. Roderick Manhattan Group Ltd* [1995] FSR 924 as examples of the courts' willingness to protect the interests of foreign proprietors on the basis of limited user in the UK (see, also *Sprints Ltd v. Comptroller of Customs (Mauritius)* [2000] FSR 814, PC). Mr. Malynicz relied on *Hart v. Relentless Records Ltd* [2003] FSR 36 but in *Hart* the claimants made no sales, they merely distributed some promotional records. Mr. Malynicz's contention that there can be no question of bad faith unless the foreign trade mark owner has communicated plans to expand operations into the UK is rooted in the facts of *DAAWAT*, supra. In the present case, the Applicant was shown in the evidence to have customers and reputation in the UK at the relevant date. The Hearing Officer held that in the light of the above, at the date of filing the mark in suit, a substantial proportion of relevant consumers, whom he defined as Punjabi speakers/the Punjabi Community in the UK<sup>2</sup>, on encountering the mark in suit on a weekly newspaper would have believed it emanated from or was published in association with the Applicant. That was borne out by the Applicant's evidence, which although relating to a period after the relevant date, showed that such confusion did result. The Registered Proprietor had sought to

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<sup>2</sup> The Registered Proprietor does not challenge on appeal this definition of relevant consumers.

disparage this evidence, but the Hearing Officer saw no reason to discount the statements, which were made by numerous individuals of high standing within the UK Punjabi Community<sup>3</sup>. I observe that the Registered Proprietor made no application to cross-examine the Applicant's witnesses.

34. In my judgment, the Registered Proprietor has not shown that the Hearing Officer's decision was based on an incorrect interpretation of the facts and that ground of appeal accordingly fails.

### **The law**

35. Both parties accept that the Hearing Officer correctly directed himself on the test of bad faith under section 3(6) of the TMA by reference to *Harrison v. Teton Valley Trading Co (CHINAWHITE)* [2005] FSR 177. Bad faith is to be judged according to the combined test of dishonesty for accessory liability to breach of trust set out by the majority of the House of Lords in *Twinsectra Limited v. Yardley* [2002] 2 AC 164, with *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367 providing the appropriate standard namely, acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined.
36. However, it became apparent during the appeal hearing that the parties differed as to the interpretation of the *Twinsectra/CHINAWHITE* combined test and, in particular, the Hearing Officer's application of that test to the facts. Mr. Malynicz argued that subjectively the applicant for registration must think that their actions fall below the *Gromax* standard and objectively the reasonable person in the area being examined must also believe that those actions fall below the standard. The Hearing Officer erred in failing to take into account subjectively what the Registered Proprietor's motives were in applying for the mark in suit. He should have asked himself whether Dr. Bains believed that his actions were underhand, whether Dr. Bains knew that his actions fell short of the *Gromax* standard (appeal transcript, pages 14, 17, 18, 19, 52). Mr. Hamer, on the other hand, said that the subjective element of the combined test requires an assessment of the knowledge of an applicant when he makes the application for registration. Objectively, it must then be decided whether in the light of that knowledge, the applicant's decision to apply for registration would be regarded as in bad faith by persons applying proper standards. In other words, the intentions of the applicant for registration are irrelevant (appeal transcript pages 35, 41, 42, 43, 44).
37. Following the appeal hearing, on 10 October 2005, the Privy Council gave judgment in *Barlow Clowes International Ltd v. Eurotrust International Ltd* [2005] UKPC 37. Their Lordships in *Barlow* took the opportunity to clarify the principles of liability for dishonest assistance, given speculation that *Twinsectra* had changed the law. In *CHINAWHITE*, the Court of Appeal accepted the reasoning of the majority in *Twinsectra* as applying to considerations of bad faith. I therefore invited the parties to let me have

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<sup>3</sup> Again, the Registered Proprietor makes no criticism on appeal of this aspect of the Hearing Officer's decision.

written submissions on the Privy Council decision in *Barlow Clowes* and postponed the giving of my decision to accommodate this. Both parties provided me with written submissions, which I found most helpful and have taken into account.

**Barlow Clowes v. Eurotrust**

38. Mr. Peter Clowes, through Barlow Clowes, operated a fraudulent offshore investment scheme. The issue before the Privy Council was whether Mr. Peter Henwood, a director of the Isle of Man company that administered the offshore companies through whose bank accounts some of the investors' moneys were paid away, dishonestly assisted Mr. Clowes and others in misappropriating investors' funds. Counsel for Mr. Henwood argued that as a result of *Twinsectra* the test for dishonest assistance required an inquiry into the defendant's views about normal standards of dishonesty, which had not been carried out. The only finding was that by normal standards, Mr. Henwood had been dishonest but that his own standard was different. Lord Hoffmann, delivering the judgment of the Privy Council, noted (at paragraph 14) that Counsel relied upon a statement of Lord Hutton in *Twinsectra* with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been ‘dishonest’ in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest.

36. ... I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

[In *CHINAWHITE*, the Court of Appeal accepted the reasoning of Lord Hutton set out in paragraph 36 of *Twinsectra* as applying to considerations of bad faith; see below.]

39. Lord Hoffmann in *Barlow Clowes* continued:

“15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some



academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant's mental state about the nature of the transaction in which he was participating but also into his views about generally accepted standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to "what he knows would offend normally accepted standards of honest conduct" meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally accepted standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in para 20) that a dishonest state of mind meant "consciousness that one is transgressing ordinary standards of honest behaviour" was in their Lordships' view intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It does not also require him to have thought about what those standards were.

[17. ....]

18. Their Lordships therefore reject Lord Neill's [Counsel for Mr. Henwood] submission that the judge failed to apply the principles of liability for dishonest assistance which had been laid down in *Twinsectra*. In their opinion they were no different from the principles in *Royal Brunei Airlines v. Tan* which were correctly summarised by the judge."

40. Earlier in his judgment, Lord Hoffmann had recounted:

"10. The judge stated the law in terms largely derived from the advice of the Board given by Lord Nicholls of Birkenhead in *Royal Brunei Airlines Sdn. Bhd. V. Tan* [1995] 2 AC 378. In summary, she said that liability for dishonest assistance requires a dishonest state of mind on the part of the person who assists in a breach of trust. Such a state of mind may consist in knowledge that the transaction is one in which he cannot honestly participate (for example, a misappropriation of other people's money), or it may consist in suspicion combined with a conscious decision not to make enquiries which might result in knowledge: see *Manifest Shipping Co Ltd v. Uni-Polaris Insurance Co Ltd* [2003] 1 AC 469. Although a dishonest state of mind is a subjective mental state, the standard by which the law determines whether it is dishonest is objective. If by ordinary standards a defendant's mental state would be characterised as dishonest, it is irrelevant that the defendant judges by different standards. The Court of Appeal held this to be a correct statement of the law and their Lordships agree."

The Privy Council held that there was abundant evidence on which the judge was entitled to make the findings of fact that she did. Mr. Henwood must have entertained suspicions which he chose not to investigate and was liable for dishonest assistance.

41. I believe the parties are agreed that the upshot of the Privy Council decision in *Barlow Clowes* is: (a) to confirm the House of Lords' test for dishonesty applied in *Twinsectra*, i.e. the combined test<sup>4</sup>; and (b) to resolve any ambiguity in the majority of their Lordships' statement of that test by making it clear that an enquiry into a defendant's views as regards normal standards of honesty is not part of the test. The subjective element of the test means that the tribunal must ascertain what the defendant knew about the transaction or other matters in question. It must then be decided whether in the light of that knowledge, the defendant's conduct is dishonest judged by ordinary standards of honest people, the defendant's own standards of honesty being irrelevant to the determination of the objective element. I also bear in mind the observations of Lawrence Collins J. in *Daraydan Holdings Ltd v. Solland International Ltd* [2005] 4 All ER 73 at 93 concerning the affirmation of recent decisions of the Privy Council made by serving Law Lords after full argument.
42. Aldous L.J., with whom Arden and Pill L.J.J. agreed in *CHINA WHITE*, quoted Lord Hutton's statement at paragraph 36 of *Twinsectra* and continued:

“26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. *However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.*”  
(emphasis added)

Aldous L.J. considered that his proposed test of bad faith was consistent with the jurisprudence of the OHIM Cancellation Division under Article 51(1)(b) of Council Regulation (EC) No 40/94 as amended (*Surene Pty Ltd v. Multiple Marketing Ltd*, Case C000479899/1, 25 October 2000, *Senso Di Donna's Trade Mark*, Case C0006716979/1 [2001] ETMR 5, *Lancôme Parfums et Beauté and Cie's Trade Mark* [2001] ETMR 89). He also agreed with the actual outcome in *DAAWAT* and confirmed Lindsay J.'s statement as to the meaning of bad faith in *Gromax*. None of those cases appear to have involved an enquiry into the applicant's views about normal standards of acceptable commercial behaviour<sup>5</sup>.

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<sup>4</sup> In turn, advised by Lord Nicholls in *Royal Brunei Airlines Sdn. Bhd. V. Tan*.

<sup>5</sup> Indeed, this was a ground of appeal in *DAAWAT*. See also *L.T. Overseas Ltd v. A1 Trading (UK) Limited (DAAWAT)*, Case 466C 000659037/1, 28 June 2004, OHIM Cancellation Division.

43. Nor was any such investigation apparently undertaken in *CHINAWHITE*<sup>6</sup>. Applying the law to the facts, Aldous L.J. said (at paragraph 38):

“The applicant believed Mr Rymer when he told him that he owned the name and the recipe of a cocktail called CHINAWHITE. The applicant knew of the club called CHINAWHITE and that neither he nor Mr Rymer had any right or interest in it. He knew that a cocktail called CHINAWHITE was being served at the club. With that knowledge he then applied for a trade mark registration which, despite the completely untenable suggestion to the contrary by Mr Silverleaf based on section 11(2)(a) and (b) of the 1994 Act, would, when granted have enabled him to prevent use by the opponents of the word CHINAWHITE upon price lists in their club. The suggestion that the name CHINAWHITE, being used in relation to a cocktail, added nothing to the reputation of the club is neither here nor there. A person in the position of the applicant adopting proper standards would despite believing Mr Rymer have not applied for a monopoly which would have enabled him to prevent the opponents carrying on their business of selling their CHINAWHITE cocktail and drinks under the name as they presently were. To make such an application, as he did, amounted to bad faith. I conclude that both the hearing officer and judge were right and that the appeal should be dismissed.”

44. In view of the above and in particular the further clarification of the combined test given by the Privy Council in *Barlow Clowes*, I reject Mr. Malynicz’s contention that the Hearing Officer erred in failing to consider the Registered Proprietor’s opinions on whether its conduct in applying for the mark in suit fell below ordinary standards of acceptable commercial behaviour.

#### **Application of the test to the facts and additional issues**

45. The Registered Proprietor complains that in any event the Hearing Officer misapplied the law to the facts. At the relevant date (24 October 2001), the Registered Proprietor had been trading in Canada and elsewhere in North America under the mark in suit for several years without complaint from the Applicant. The UK was effectively virgin territory. The Registered Proprietor considered that it could legitimately expand its business into the UK. Reasonable and experienced persons in the newspaper-publishing field would not have regarded the Registered Proprietor’s UK trade mark application as having been made in bad faith. Mr. Malynicz accuses the Hearing Officer of eliding the grounds for invalidity under section 47(1)/section 3(6) and section 47(2)(b)/section 5(4)(a) of the TMA. An applicant does not apply for a mark in bad faith simply because he knows it is confusingly similar to an earlier mark. Mr. Malynicz also suggests that the Hearing Officer wrongly assessed the situation in 1993 when the Registered Proprietor launched AJIT WEEKLY in Canada rather than at the date of application for the mark in suit, 24 October 2001.

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<sup>6</sup> Although Pill L.J. commented: “It would be fanciful to suggest that someone as experienced in the trade as the applicant did not realise what the standards were by which his conduct was to be judged.”

46. In my judgment none of these criticisms are justified. They are based on an interpretation of the Hearing Officer's findings of fact, which I have already rejected. The Hearing Officer fully took into account the submissions of the Registered Proprietor regarding its activities in North America. He observed, rightly in my view, that: (a) there was no evidence before him on how customers in North America perceived the mark at issue; and (b) in any event, the present proceedings were directed at the position in the UK (cf. *DAAWAT*, supra., paragraph 106). Mr. Malynicz acknowledged before me that Dr. Bains's conduct in 1993 might have been considered underhand. Mr. Hamer commented that just because the Registered Proprietor thought it had got away with misappropriating the Applicant's marks in Canada did not legitimise its' attempts to do the same thing in the UK. Mr. Hamer told me that steps were being taken in Canada and the USA to prevent the Registered Proprietor's use of the mark at issue and in Australia the Registered Proprietor has abandoned the mark.
47. The Hearing Officer held that because of his background Dr. Bains (and hence the Registered Proprietor) must have been well acquainted with the Applicant's AJIT logo/trade mark for newspapers. Dr. Bains must have been aware that the Applicant's AJIT logo in relation to newspapers would be widely known amongst the UK's Punjabi Community and that the registration and use of the mark in suit would result in confusion and deception to the detriment of the Applicant. Registration of the mark in suit would also have prevented the Applicant from continuing to sell (directly or indirectly) its newspapers under its mark in the UK. A person in the position of the Registered Proprietor adopting proper standards (although Dr. Bains might himself have thought that this was a natural progression of the Registered Proprietor's North American business) would not have applied for a monopoly, which would present these effects. In my judgment, the Hearing Officer was entitled to conclude in the light of his findings that UK Trade Mark Registration No. 2283796 was applied for in bad faith.
48. Finally, as I understand it, the Registered Proprietor argues that an objection under section 3(6) of the TMA cannot be made out in the absence of a finding under section 5 – in the present case section 5(2)(b) or section 5(4)(a) of the TMA. Mr. Geoffrey Hobbs QC sitting as the Appointed Person considered the point in *DAAWAT*, supra., at paragraph 98 referring back to paragraphs 71 – 73 and 78. I agree entirely with Mr. Hobbs' reasoning and similarly reject the Registered Proprietor's contention.
49. The Registered Proprietor requested in skeleton argument and at the hearing that if I was minded to dismiss the appeal, I should seek guidance from the European Court of Justice. In my judgment, on the facts of this case there is no reason to make a referral.

## **Conclusion**

50. In the result, the appeal fails. Mr. MacGillivray ordered that the Registered Proprietor should pay the Applicant the sum of £2000 in respect of the application for invalidation and I direct that a further sum of £2000 should be paid by the Registered Proprietor to the Applicant towards the costs of this appeal to be paid on the same basis as indicated by Mr. MacGillivray.

Professor Ruth Annand, 29 December 2005

Mr. Simon Malynicz of Counsel instructed by Messrs. Groom Wilkes & Wright LLP appeared on behalf of the Registered Proprietor

Mr. George Hamer of Counsel instructed by Messrs. Serjeants appeared on behalf of the Applicant for a declaration of invalidity