

**O/475/19**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 3289900  
IN THE NAME OF YASSERS FISH AND CHIPS LTD**

**FOR THE TRADE MARK**



**IN CLASSES 29, 30, 32 AND 43**

**AND**

**THE OPPOSITION THERETO UNDER NUMBER 412730  
BY MOHAMMED IKHLAQ**

## Background

1. Yassers Fish and Chips Ltd (“the applicant”) applied for the trade mark shown on the cover page of this decision (number 3289900) on 13 February 2018 in classes 29, 30, 32 and 43 for the following goods and services:

Class 29: *Meat, fish, poultry, chicken; beefburgers; kebabs; potato products; chips; vegetables; prepared meals.*

Class 30: *Sauces (condiments); sandwiches; prepared meals; pizzas, pies and pasta dishes.*

Class 32: *Non-alcoholic drinks; fruit drinks and fruit juices; shandy, de-alcoholised drinks, non-alcoholic beers and wines.*

Class 43: *Services for providing food and drink; restaurant, bar and catering services.*

2. The application was published for opposition purposes on 9 March 2018. Mohammed Ikhlāq opposes the application under sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

3. Mr Ikhlāq claims that he first used the sign Yasser’s Fish Bar and the following sign in 2005 in relation to the provision of food and drink; fish and chip shop services and drink:



4. Mr Ikhlq states that use of the applicant's sign is liable to be prevented under the law of passing off (section 5(4)(a) of the Act) owing to his goodwill in relation to the above signs. He states:

"The opponent has used the earlier right in Sparkhill, Birmingham in relation to the provision of food and drink, specifically fish and chip shop services since 2005. As such, the opponent has accrued localised goodwill and reputation in the earlier right. The adoption of the identical mark from the same location (Sparkhill, Birmingham) will damage the opponent's accrued goodwill, either through sub standard services or the diversion of custom. This scenario is contrary to the law of passing off."

5. Mr Ikhlq's ground under section 3(6) of the Act is reproduced below:

"It is claimed the application was made in bad faith as the applicant was fully aware of the opponent and the prior use of the earlier sign, Yasser's Fish Bar. The applicant bought the property from the opponent in Sparkhill, Birmingham from which the opponent ran the business. The opponent maintains that the applicant only purchased the property and not any rights to continue trading under the Yasser's name. This is reflected in the contract for the property sale."

6. The applicant filed a defence and counterstatement, denying the claims. In relation to the ground under section 3(6) of the Act, it states:

"Proof of all of the claims made under the allegation of bad faith on the part of the Applicant is requested and in particular, the claim that the Applicant only purchased the physical property and not the business as a going concern to include the disputed trade mark. In this regard, the Applicant paid much more to the Opponent than the official valuation of the business."

7. Mr Ikhlq is represented by Barker Brettell LLP. The applicant is represented by Wilson Gunn. Both sides filed evidence. Neither party chose to be heard and both

filed written submissions in lieu of a hearing. I make this decision after a careful reading of all the material that has been submitted by both parties.

### **The evidence**

8. Mr Ikhlq has filed three witness statements, the first dated 2 November 2018, the second and third dated 12 April 2019. Mr Ikhlq has also filed two witness statements from third parties, Mohammed Ghaffar and Arshad Nasim. The applicant's evidence comes from Amjad Shazad, the owner of the property referred to in the notice of opposition. He states that he is authorised to speak on behalf of the applicant. Mr Shazad's witness statement is dated 21 January 2019.

### **The opponent's evidence-in-chief**

9. Mr Ikhlq explains that he was the sole trader of Yasser's Fish Bar, which he refers to as the name of his trading company. As the name indicates, Yasser's Fish Bar was a fish and chip shop located at 56 Showell Green Lane, Sparkhill, Birmingham B11 4JP. His company commenced trading in 2005, continuing at this location until 31 August 2016. Mr Ikhlq provides a witness statement from Arshad Nasim, dated 16 November 2018, who confirms that he has been Mr Ikhlq's accountant and tax advisor since 2005, and that Mr Ikhlq is self-employed, having started a business trading as Yasser's Fish Bar in 2005, trading until 2016. A further witness statement is provided from Mohammed Ghaffar, also dated 16 November 2018, who confirms that his design company, Bezier Design & Print, designed posters, signage and leaflets in 2007 for Mr Ikhlq's business. Mr Ghaffar exhibits<sup>1</sup> examples of designs, one of which is the composite sign relied upon by Mr Ikhlq.

10. Mr Ikhlq provides, at Exhibit MI3, a Google Street View print, showing photographs, taken in June 2008, of the front of his business premises. Yasser's and the Y device are clearly visible, minus the four rectangles which feature at the top of the composite sign relied upon. Further Google Street View photographs from

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<sup>1</sup> Exhibit MG1.

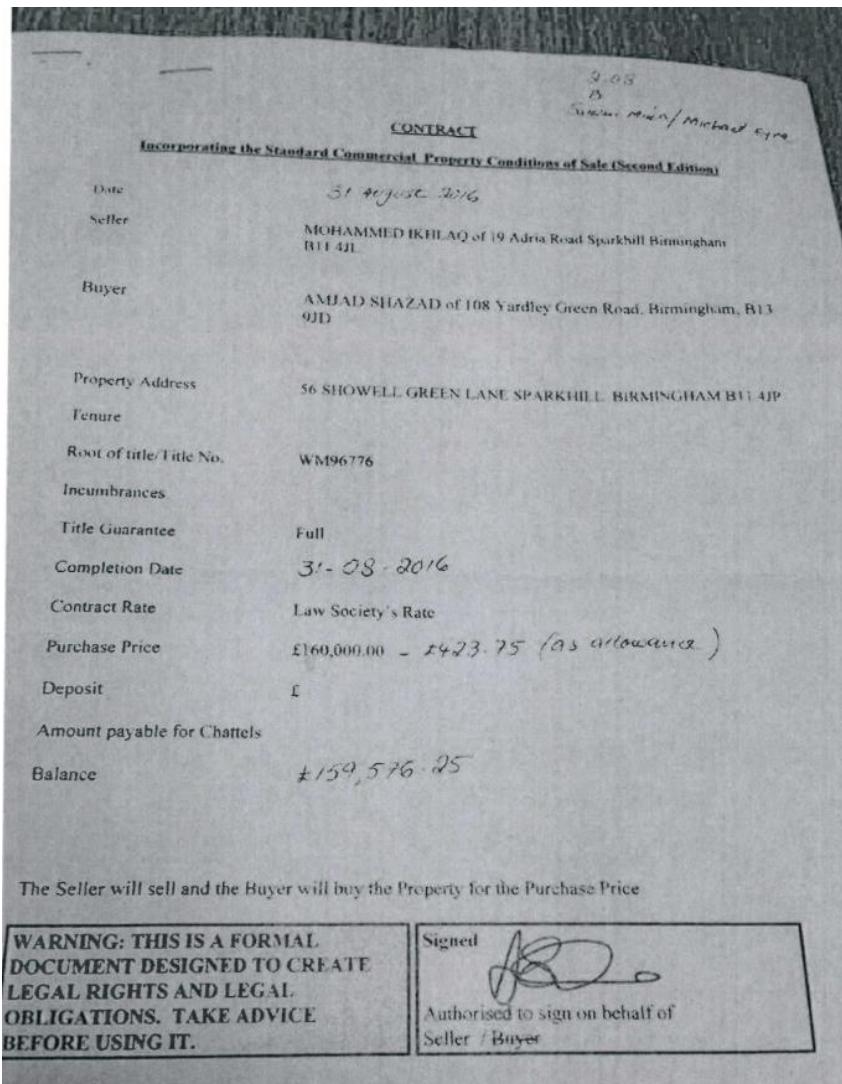
August 2009 (Exhibit MI4) show that the signage at this date had been updated to include the four rectangles at the top of the composite sign.

11. Mr Ikhlaq states that the signs relied upon were his company's main trade marks and were used in relation to all his services, as well as being used on business materials such as posters, leaflets and signage. He refers to a Facebook profile created in 2010. Exhibit MI5 shows screenshots from his company's Facebook page, which refers to posts in February and March 2010. A second page shows 651 'likes' and 630 'following', although from the comments made it is unclear whether these figures relate to 2010 or a later point in time.

12. Mr Ikhlaq gives net profit figures, rather than turnover figures:

<b>Year</b>	<b>Net Profit</b>
April 2015 – 31 March 2016	£300
April 2014 – 31 March 2015	£9,800
April 2013 – 31 March 2014	£12,000
April 2012 – 31 March 2013	£7,000
April 2011 – 31 March 2012	£6,700

13. Mr Ikhlaq states that he sold the premises of his trading company, "namely, the shop located at 56 Showell Green Lane, Sparkhill, Birmingham, B11 4JP for the amount of £160,000". He provides some evidence relating to the sale; chiefly, a photograph of the front page of the contract of sale between Mr Ikhlaq and Amjad Shazad, as follows:



14. The fact of the sale of the premises is undisputed, as the applicant has also shown evidence of the sale of premises to Amjad Shazad. Mr IkhlAQ's point is that he only sold the physical premises, not his business, the name or the goodwill. Mr IkhlAQ states that he has noted that the current owner of the premises has continued to trade under his sign; he shows a Google Street View photograph taken in August 2018<sup>2</sup> to this effect. Mr IkhlAQ states that he has recommenced trading at a different location using the sign YASSER and the Y device.

<sup>2</sup> Exhibit MI17

## The applicant's evidence

15. Mr Shazad states that he is the owner of the property located at 56 Showell Green Lane and that he is authorised to speak on behalf of the applicant. His property is the trading location of the applicant, which was incorporated on 26 September 2017. The applicant's sole director is Ali Shahzad Kayani. Mr Kayani has been a tenant of the property, from where he runs the applicant, since 22 August 2017. A copy of the tenancy agreement, dated 22 August 2017, is shown as Exhibit 2. There is no mention of the disputed signs or names. The tenancy agreement refers only to the property address and its permitted use as a restaurant or take away.

16. Mr Shazad states that the purchase of the property from Mr Ikhlaq was completed on 31 August 2016 for the purchase price of £160,000. He exhibits a copy of the title deeds, provided by his conveyancing solicitors, Ikon Law<sup>3</sup>. Mr Shazad also exhibits a copy of a business loan agreement<sup>4</sup> from Lloyds Bank Plc for the amount of £101,500, with the remainder of the property price being provided from his own private funds. Mr Shazad also provides evidence of his bank statement (Exhibit 6), showing the cheque withdrawal for the remainder. Exhibit 7 is a copy of an email exchange with the Lloyds Bank financial advisor, referring to the loan being for the purchase of the fish and chip shop and the rental income therefrom (and from the flat above the shop).

17. Mr Shazad states that a condition of the loan was that the repayment of the loan would be met from the rental income, meaning that a tenant was needed who was experienced in the running of a fish and chip shop. Mr Shazad states that at the date of completion of the sale, 31 August 2016, the experienced tenant was Mr Ikhlaq. Exhibit 8 comprises a copy of the Business Lease between Mr Shazad and Mr Ikhlaq. There is no mention of the contested name or signs. The Lease refers to the permitted use of the property as a takeaway. The copy of the lease is undated but, as Mr Shazad points out, the term is stated as being for 6 years and six months, ending in 2022, which means that it commenced at some point in 2016 (the

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<sup>3</sup> Exhibit 3.

<sup>4</sup> Exhibit 4.

purchase year). Mr Shazad refers to a covering email from Ikon Law to Mr Shazad, attaching the original signed lease, as being dated 17 August 2016; however, this is not shown in the evidence. Exhibit 11 is a copy of the valuation report required for the loan which shows the intention of the property being purchased as a takeaway business. There is no mention of the name of the business nor of the trading names or signs. References to the property are to the address.

18. Mr Shazad states:

“The fish and chip shop (the Business) has been continuously run under the YASSER’S Logo trade mark (the Yassers name) since before my purchasing of the Property and until the present day.”

19. Mr Shazad states that Mr Ikhlq ran the business and trained staff for his benefit under the terms of the lease and under the Yasser name for no more than a few weeks. Mr Shazad states that Mr Ikhlq then “walked away from the business”, at no later than October 2016. Mr Shazad states:

“At no point did the Opponent inform me in any way that the use of the Yassers name for the Business at the Property would no longer be acceptable.”

20. Mr Shazad explains that the effect of Mr Ikhlq walking away from the business meant that Mr Shazad had a liability, under the terms of the business loan, to find a new tenant, which resulted in the tenancy agreement with Mr Kayani.

21. Mr Shazad states that Mr Ikhlq opened his current business on 6 April 2018, and exhibits a copy of the Facebook page of an acquaintance of Mr Ikhlq (Exhibit 9), dated 6 April 2018, which refers to the official opening of Yassers Fish Bar on the Warwick Road. Exhibit 10 comprises a copy of a Facebook page from Mr Yasser Ali, Mr Ikhlq’s younger brother, which Mr Shazad states is dated 21 October 2017:



“Just a quick update:

We have sold this takeaway on Showell green lane a number of years ago and have had time to rest and recuperate after a long 16 years at this location serving our loyal customers day in and day out, we have now decided to open a new takeaway by at a different location (Facebook search for info etc) Yasser Chipshop – warwick road, its been quite a long while but allhumdulilah our new location has been blessed with our loyal customer base, nothing has changed the quality, food and services is still the same, we apologise for not providing any updates as we’ve been very busy, we hope to see you soon at our new location,”

22. Mr Shazad states:

“23. In addition to the undisputed £160,000 paid for the Property, which was handled by the parties’ solicitors, further money was also paid to the Opponent; money which does not fall within the terms and conditions of the Business Lease with the Opponent and which was and is considered to be consideration for the ongoing use in perpetuity of the Yassers name by me from the time of the purchase of the Property.

24. A total of £355,000 (including the purchase price for the property) has been paid by me and by my friends and family to the Opponent, the majority of which has been in cash. However, the following transactions can be evidenced:

**Exhibit 12** consists of two bank statements from my Barclays account showing payment to the Opponent of £20,000 on 9 June 2016 and £18,000 on 25 July 2016;

**Exhibit 13** is a cheque dated 18 May 2016 for the amount of £40,000 made payable to a Mr Yasser Ali, the younger brother of the Opponent. The cheque was made out by my friend, Mr A Hussain, from whom I borrowed the amount in question.

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27. The amount of £160,000 went through my conveyancing solicitors, Ikon Law (Exhibits 5 & 6). It is understood that the additional payments to the Opponent of £195,000, of which £78,000 can be proven (Exhibits 12 & 13), was consideration for the continued use in perpetuity of the Yassers name, over and above the consideration of £160,000 for the purchase of the Property.

28. It has always been my understanding that the additional money paid to the Opponent and the Opponent's actions, namely, the inactivity of the Opponent in any similar undertaking for a period of about 18 months, means that the Opponent has voluntarily relinquished any right to the Yassers name."

### **Opponent's evidence-in-reply**

23. Mr Ikhlaq's second and third witness statements, both dated 12 April 2019, reply to the applicant's evidence. Mr Ikhlaq expresses his surprise that it is Mr Shazad, the applicant's landlord, who gives evidence on the applicant's behalf, not an authorised officer of the applicant. Mr Ikhlaq denies that he knew that the property was to be used for a competing business to his own; he states that if he had known this, he would have required a restrictive covenant on the sale to prohibit a competing business being run in the same locality.

24. Mr Ikhlaq denies that the name YASSER'S was part of the negotiated deal and states, in his second witness statement:

"7. Amjad Shazad references other monies paid to me but as he is aware, this relates to other business transactions and is not relevant here. I maintain that the claim these payments were for the use of the YASSER'S name have not been evidenced and are wrong."

25. Mr Ikhlaq explains that as a small business, he has not kept a full record of historic documents relating to his business.

## Section 5(4)(a) of the Act

26. Section 5(4)(a) states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

27. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “a substantial number” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

28. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

29. The applicant submits that “the evidence provided by the Opponent is not sufficient to establish even localised goodwill, as more than just a name over a door for a period of time is required to establish goodwill. Much more detailed financial information would be expected than that provided if in fact the provision of the services under the trading names are to be perceived as giving rise to the existence of goodwill.” However, Mr Shazad states in his evidence:

“The fish and chip shop (the Business) has been continuously run under the YASSER’S Logo trade mark (the Yassers name) since before my purchasing of the Property and until the present day.”

30. That statement represents a concession that there was a continuous fish and chip shop business which had run continuously under the YASSER’S composite sign since before Mr Shazad bought the property. The evidence shows that it was Mr Ikhlq’s business until the shop was sold on 31 August 2016. The logical conclusion which I draw from Mr Shazad’s concession is that Mr Ikhlq enjoyed the goodwill generated by his business prior to the sale of the property. Mr Shazad’s statement also begs the question as to why, if the applicant considered that there was no pre-existing goodwill when Mr Shazad bought the shop, it continued to use the same name. There would be no obvious commercial benefit in doing so, unless the applicant thought that the sign above the shop was the manifestation of the attractive force which would continue to bring it custom, as it had done for Mr Ikhlq for the previous eleven years.

31. Even without Mr Shazad's concession, I would have found that Mr Ikhlaq had a protectable goodwill when he sold the property. It is true that his net profit figures are low, but it is also the case that net profit figures represent the lowest denominator; it is more usual in cases such as these for claimants to show turnover figures, which is the total income, rather than the profit after all expenses and taxes are deducted (the net profit). Mr Ikhlaq's business had operated for eleven years when he sold the shop; it was not a transient, short-lived affair. Whilst the law does not protect a trivial goodwill<sup>5</sup>, it protects a small goodwill. In *Lumos Skincare Ltd v Sweet Squared Ltd, Famous Names LLC, Sweet Squared (UK) LLP*<sup>6</sup>, the Court of Appeal upheld a claim for passing off based on the claimant's use of the mark LUMOS for around three years prior to the defendant's use of the same mark, both in relation to anti-ageing products. The claimant's products sold for between £40 and £100 each. Between early 2008 and September 2009, the claimant had achieved a turnover of around £2k per quarter. From the latter date up until the relevant date in October 2010, the claimant's turnover increased to around £10k per quarter. The business remained a very small business with a modest number of sales. Nevertheless, the court was prepared to protect the goodwill in that business under the law of passing off. I find that Mr Ikhlaq had a small, but protectable, goodwill when he sold the shop on 31 August 2016. The establishment of a local goodwill is capable of preventing registration of a trade mark, which is a national right, under section 5(4)(a) of the Act.<sup>7</sup>

32. I need to consider whether Mr Ikhlaq still owned that goodwill on the date on which the contested application was filed, 13 February 2018. The applicant submits that Mr Ikhlaq had "voluntarily relinquished any right to the Yassers name"<sup>8</sup>. This appears to be based upon the fact that Mr Ikhlaq did not recommence his own takeaway business for another 18 months, and that there were the additional monies paid to him, which Mr Shazad states was for the name and which Mr Ikhlaq disputes.

33. It does not appear that Mr Ikhlaq considered he had relinquished his goodwill and there is no evidence of a public relinquishing of goodwill. In fact, the opposite

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<sup>5</sup> *Hart v Relentless Records* [2002] EWHC 1984 (Ch)

<sup>6</sup> [2013] EWCA Civ 590

<sup>7</sup> *Caspian Pizza Limited v Shah* [2017] EWCA Civ 1874, paragraph 23.

<sup>8</sup> Mr Shazad's witness statement, paragraph 28.

appears to be the case from the Facebook post which I have reproduced at paragraph 21 of this decision, in which Yasser Ali, Mr Ikhlaq's younger brother, hopes that the new location (in the same locality) will be blessed with Mr Ikhlaq's loyal fan base, and that nothing has changed as regards food, quality and the services provided. Considering Mr Ikhlaq's business operated for eleven continuous years, a hiatus of 18 months is unlikely to have caused his goodwill to have evaporated by 13 February 2018. It is not as though the business had been short-lived, in which case, without sales, any goodwill is more likely to wither. In *Ad Lib Club Limited v Granville* [1971] FSR 1 (HC), Vice Chancellor Pennycuik stated:

“It seems to me clear on principle and on authority that where a trader ceases to carry on his business he may nonetheless retain for at any rate some period of time the goodwill attached to that business. Indeed it is obvious. He may wish to reopen the business or he may wish to sell it. It further seems to me clear in principle and on authority that so long as he does retain the goodwill in connection with his business he must also be able to enforce his rights in respect of any name which is attached to that goodwill. It must be a question of fact and degree at what point in time a trader who has either temporarily or permanently closed down his business should be treated as no longer having any goodwill in that business or in any name attached to it which he is entitled to have protected by law.

In the present case, it is quite true that the plaintiff company has no longer carried on the business of a club, so far as I know, for five years. On the other hand, it is said that the plaintiff company on the evidence continues to be regarded as still possessing goodwill to which this name AD-LIB CLUB is attached. It does, indeed, appear firstly that the defendant must have chosen the name AD-LIB CLUB by reason of the reputation which the plaintiff company's AD-LIB acquired. He has not filed any evidence giving any other reason for the selection of that name and the inference is overwhelming that he has only selected that name because it has a reputation. In the second place, it appears from the newspaper cuttings which have been exhibited that members of the public are likely to regard the new club as a continuation of

the plaintiff company's club. The two things are linked up. That is no doubt the reason why the defendant has selected this name".

34. With a gap of only 18 months after 11 years' continuous trading under the signs relied upon, residual goodwill existed at the date on which the contested application was filed. In fact, Mr Ikhlq carried on using the name for his business as a tenant, if only for a few weeks, which would have continued his goodwill. The shop was sold on 31 August 2016 and Mr Shazad agreed a tenancy, firstly with Mr Ikhlq and, secondly, with Mr Kayani of the applicant, on 22 August 2017 (the applicant didn't exist until it was incorporated on 26 September 2017). As of the date on which the shop was sold, Mr Ikhlq would have been able to have prevented the registration of the mark, had it been applied for then, under the law of passing off. Mr Shazad states that Mr Ikhlq only stayed until October of 2016. Mr Kayani did not take over the tenancy until the following August, 2017. Mr Shazad does not explain what happened in the intervening ten months or so, and there is a distinct lack of evidence about Mr Kayani's trade, or the applicant's trade in that intervening period. The contested mark was applied for six months after Mr Kayani took over.

35. There are three relevant dates: 31 August 2016, when the shop was sold which is potentially when the use complained of commenced; 22 August 2017, which is when Mr Kayani signed his tenancy agreement, also potentially when the use complained of commenced; and 13 February 2018, which is the date on which the contested trade mark application was filed<sup>9</sup>. In *Croom's Trade Mark Application* [2005] RPC 23, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, stated:

"45. I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user's rights;

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<sup>9</sup> See *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, sitting as the Appointed Person.

(c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.”

36. Mr Ikhlāq is the senior user. Mr Shazad is not the applicant; there is a gap in the evidence as to what happened in the period between Mr Ikhlāq leaving (October 2016) and Mr Kayani arriving in August 2017; and a lack of evidence about the business carried on by Mr Kayani and the applicant prior to 13 February 2018. I find that it is equitable for Mr Ikhlāq to challenge the applicant. Mr Ikhlāq owned the goodwill both at the date on which the shop was sold and retained that residual goodwill on the date on which the trade mark application was filed. There is no evidence at all that anything other than the premises was sold to Mr Shazad. It is odd that Mr Shazad states that he paid nearly £195,000 for the name, but that he is not the applicant for the trade mark. It is also odd that there is no documentation relating to what this large amount of money was for. All other business transactions have been amply evidenced except for the alleged sale of the name.

37. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents' [product]”.

38. Considering the identity/high level of similarity between the signs and the contested mark, and the same line of business as for the contested mark's goods and services, I find that, as of 31 August 2016, 22 August 2017 and 13 February 2018, misrepresentation would be inevitable in relation to all the goods and services of the contested mark. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:



“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

39. I also find that damage is inevitable. **The section 5(4)(a) ground succeeds.**

### **Section 3(6) of the Act**

40. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

41. In *Red Bull GmbH v Sun Mark Ltd & Anr* [2012] EWHC 1929 and [2012] EWHC 2046 (Ch) (“Sun Mark”) Arnold J. summarised the general principles underpinning section 3(6) as follows:

“Bad faith: general principles

130 A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/ Article 3(2)(d) of the Directive/ Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131 First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133 Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207–2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134 Fourthly, bad faith includes not only dishonesty, but 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”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004 ) at [8].

135 Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136 Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137 Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138 Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a

Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

42. The relevant date is 13 February 2018. I must decide what the applicant knew at that date and then decide whether filing the application fell short of acceptable commercial behaviour. As pointed out by Mr Ikhlq, there is no direct evidence from the applicant or its director, Mr Kayani. The evidence has come from Mr Shazad, who is the owner of the property and the applicant’s landlord. It is therefore difficult to know what the applicant, or Mr Kayani its director, knew at the date of application. However, Mr Shazad states that he is authorised to speak on behalf of the applicant. From the content of the evidence, it may be that it is Mr Shazad who is behind the applicant’s decision to file the trade mark application. If so, Mr Shazad’s motives may be attributed to the applicant; see *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation* BL O/013/05, in which Professor Ruth Annand, sitting as the Appointed Person, held:

“22. [A] claim of bad faith is not avoided by making an application in the name of an entity that is owned or otherwise controlled by the person behind the application.”

43. The counterstatement challenges Mr Ikhlq to prove that the applicant only purchased the physical property and not the business including the trade mark. As detailed above, there is no evidence at all to show that any other than the sale of the physical property (the shop premises) took place. The counterstatement further states that the applicant paid much more to Mr Ikhlq than the official value of the business. However, there is no evidence of what the money was for; the money was paid by Mr Shazad and not the applicant; and Mr Ikhlq disputes that the £195,000

was for the business name. The applicant submits that the additional money was understood by Mr Shazad “and seemingly agreed to by the actions of the Opponent, as payment for the business to be continued under the trading names at issue.” I do not understand what the applicant means by the “actions of the Opponent”, and it is not explained.

44. As there is no other basis for the denial of the bad faith ground set out in the counterstatement, the ground succeeds. The trade mark application was an appropriation of Mr Ikhlāq’s goodwill. It is no defence that Mr Shazad states in his witness statement on behalf of the applicant that “At no point did the Opponent inform me in any way that the use of the Yassers name for the Business at the Property would no longer be acceptable”. At best, that is naïve. Buying a shop in which a business has run for 11 years does not mean that the new owner can simply take on the business with the same or a similar name. They are entirely separate considerations; a fact which Mr Shazad must accept given his references to extra money being paid for the name. The applicant could have chosen a new name for its new business. It is not correct that the lack of use of the signs by Mr Ikhlāq for 18 months amounted to “openly leaving this use to the Applicant”, as submitted by the applicant. Such a view represents the applicant’s own standards of acceptable commercial behaviour but, judged objectively by the ordinary standards of honest people, as set out in the caselaw cited above, the applicant’s filing of the trade mark application fell short of the standards of acceptable commercial behaviour of reasonable and experienced people. I find that the application was made in bad faith.

## **Outcome**

45. The opposition succeeds in full under both section 3(6) and 5(4)(a) of the Act. The application is refused.

## **Costs**

46. As Mr Ikhlq has been successful, he is entitled to an award of costs, as a contribution towards the costs of the proceedings, based upon the scale published in Tribunal Practice Notice 2 of 2016. The breakdown of costs is as follows:

Official fee for filing the opposition	£200
Filing the statement of case and considering the counterstatement	£250
Preparing evidence and considering and commenting on the applicant's evidence	£700
Written submissions in lieu of a hearing	£300
Total	£1450

47. I order Yassers Fish and Chips Ltd to pay to Mohammed Ikhlq the sum of £1450 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

**Dated this 14<sup>th</sup> day of August 2019**

**Judi Pike**  
**For the Registrar,**  
**the Comptroller-General**