

O/0434/23

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF APPLICATION NO. UK00003675576

BY MAHMOUD GHAREDAGHI

TO REGISTER THE FOLLOWING TRADE MARK:

**HOME PIZZA**

IN CLASSES 39 AND 43

AND IN THE MATTER OF OPPOSITION THERETO

UNDER NO. 430808

BY NEW HOME PIZZA LIMITED

AND IN THE MATTER OF REGISTRATION NO. UK00003444526

IN THE NAME OF NEW HOME PIZZA LIMITED

FOR THE FOLLOWING TRADE MARK:

**HOME PIZZA**

IN CLASSES 39 AND 43

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO

UNDER NO. 504175

BY MAHMOUD GHAREDAGHI

## BACKGROUND AND PLEADINGS

1. On 30 July 2021, Mahmoud Gharedaghi (“MG”) applied to register the trade mark **HOME PIZZA** (application no. 3675576) in the UK. The application for MG’s mark was published on 5 November 2021 and registration is sought for the following services:

Class 39      Delivery services.

Class 43      Services for providing food and drink; restaurant services; take-away food and drink services; catering services; information, advisory and consultancy services relating to all the aforementioned.

2. On 3 February 2022, the application for MG’s mark was opposed by New Home Pizza Ltd (“NHP”) based upon sections 5(1), 5(3), 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”). Under sections 5(1) and 5(3), NHP relies upon UKTM no. 3444526 for the trade mark **HOME PIZZA** which was applied for on 15 November 2019 and registered on 7 August 2020. NHP’s mark stands registered for the following services (all of which are relied upon for the purposes of the opposition):

Class 39      Pizza delivery service; food delivery services.

Class 43      Restaurant and carry out food services pertaining to the baking of hot pizza for consumption on or off premises; catering services for the provision of food and drink; providing of food and drink via a mobile truck; take away services.

3. Under section 5(1), NHP claims that registration should be refused because the marks are identical and the services are identical.

4. Under section 5(3), NHP claims a reputation for all of the services listed above. NHP claims that use of MG’s mark would, without due cause, take unfair advantage of, or be detrimental to, the distinctive character and/or repute of NHP’s mark.

5. Under section 5(4)(a), NHP claims to have been using and to be successor in title to a business using the sign **HOME PIZZA** in Watford since 1997 in relation to “Delivery services; services for providing food and drink; restaurant services; take-away food and drink services; catering services”. NHP claims that use of MG’s mark would be contrary to the law of passing off.

6. Under section 3(6), NHP states:

“The trade mark should not be registered for all of the goods and services in the Application as the Application was filed in bad faith. The business, trade mark and other assets and goodwill in the name HOME PIZZA was sold by [MG] and the sale price was duly paid. Proof of the sale, transfer of assets and payment will be provided. Therefore, to set up an identical business using the identical trade mark can not be considered as reasonable behaviour and should be considered contrary to normally acceptable standards of honest conduct.”

7. MG filed a counterstatement:

- a) Admitting that he and his predecessor used the HOME PIZZA sign from 1997 onwards for the services in the application and a substantial goodwill has been acquired, but denying that the business was sold (and, consequently, denying that NHP is the owner of the goodwill claimed).
- b) Denying that the MG’s application is contrary to the law of passing off.
- c) Admitting that MG’s mark and NHP’s mark are identical and are registered/applied-for in relation to identical services. However, the validity of NHP’s mark is challenged (see below).
- d) Denying all grounds of opposition.

8. On 27 September 2021, MG applied to invalidate NHP’s mark based upon section 47 of the Act. MG relies upon section 5(4)(a) of the Act. MG claims to have used the sign **HOME PIZZA** throughout Watford since 1997 in relation to “provision of food and

drink; restaurant services; take-away services; food delivery services". MG claims that use of NHP's mark would be contrary to the law of passing off.

9. NHP filed a counterstatement denying the grounds of invalidation and claiming ownership of the goodwill under the sign HOME PIZZA by virtue of the fact that it was sold to the owner and director of NHP on 26 April 2018.

10. NHP is represented by Inbrandgible Limited and MG is represented by Dolleymores.

11. Both parties filed evidence in chief. Both parties filed evidence in reply and NHP filed additional evidence. Neither party requested a hearing, but both filed written submissions in lieu. This decision is taken following a careful perusal of the papers.

## **EVIDENCE AND SUBMISSIONS**

12. NHP filed evidence in chief in the form of the witness statement of Hamid Bavandi dated 25 July 2022, accompanied by 9 exhibits (HB-1 to HB-9). Mr Bavandi is the owner of NHP.

13. NHP's evidence in chief was accompanied by a consolidated statement of grounds dated 26 July 2022.

14. MG filed evidence in chief in the form of his own witness statement dated 25 July 2022, accompanied by 11 exhibits (MG1 to MG11).

15. NHP filed evidence in reply in the form of the second witness statement of Mr Bavandi dated 26 September 2022, accompanied by 1 exhibit (HB-10).

16. NHP's evidence in reply was accompanied by written submissions dated 26 September 2022.

17. MG filed evidence in reply in the form of his second witness statement dated 26 September 2022, accompanied by 2 exhibits (MH12-MH13).

18. MG's evidence in reply was accompanied by undated written submissions filed on 26 September 2022.

19. MG filed undated written submissions in lieu on 22 November 2022.

20. NHP filed undated written submissions in lieu on 22 November 2022. The written submissions in lieu were accompanied by a further (amended) witness statement of Mr Bavandi dated 21 November 2022 and 1 exhibit (HB-11) and a request to file additional evidence. That request was granted and the evidence admitted into proceedings.

21. MG was given an opportunity to respond, which he did (in the form of written submissions) on 17 January 2023.

22. NHP filed further (undated) written submissions in lieu on 15 February 2023.

23. I have taken the evidence and submissions into account in reaching my decision and will refer to them below where necessary.

## **DECISION**

### **PRELIMINARY FINDINGS**

24. Both parties agree that an individual, who I shall refer to as "AT", started operating a pizza takeaway restaurant in Watford in around 1998. It is not disputed that the business benefitted from a substantial goodwill and that the business traded under the sign HOME PIZZA. The crux of the dispute between the parties, which is relevant to both of the consolidated cases, is the question of ownership of that goodwill. MG claims that he is the owner of the goodwill, whereas NHP claim that the business was sold to them in 2018. Given the impact this has upon multiple grounds and each consolidated case, I will make a preliminary finding as to who owned the goodwill. It is convenient to begin with a brief overview of the history of the business.

25. It does not appear to be in dispute between the parties that MG's involvement with the business commenced in August 2002. This is evidenced by an assignment between AT (as the assignor) and AT and MG (as the assignees).<sup>1</sup> The assignment confirms that a lease was granted by Watford Borough Council to AT in 1997 and that, since that time, AT has been "carrying on the business of a Pizza restaurant under the style or title of Home Pizza on the ground floor shop premises" of 51 The Brow. The assignment continues:

"The Assignor has agreed with the Assignees for the sale to them of the said leasehold Premises and the Goodwill of the business of a Pizza restaurant and the Fixtures Fittings and Equipment therein (the same having been delivered by the Assignor to the Assignee) at the total price of THIRTY FIVE THOUSAND POUNDS (£35,000.00)."

It appears to me, based upon this evidence, that AT began the business as a sole trader, but subsequently started trading as a partnership with MG. The parties appear to be in agreement on this point.

26. The evidence is unclear as to what happened to the running of the business in 2010. MG gives narrative evidence that, at that time, AT sold his interest in the business to AT's wife and was (shortly after) declared bankrupt.<sup>2</sup> MG states AT's wife had no involvement in the business (despite being sold her husband's share) and that MG essentially continued to run the business on his own. I find this evidence somewhat contradictory. However, nothing turns on it. Clearly, by 2010, MG was the only person running the business under the sign HOME PIZZA and AT was not involved in the business (the partnership of which he was a part would have been dissolved when he was declared bankrupt, as noted by MG).<sup>3</sup> This is reinforced by a Partnership Agreement that was entered into by AT and MG on 1 April 2015, which states as follows:<sup>4</sup>

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<sup>1</sup> Exhibit MG2

<sup>2</sup> Exhibit MG12

<sup>3</sup> Section 33 of the Partnership Act 1890.

<sup>4</sup> Exhibit MG13

- “1. [MG] is the proprietor of business carried on in the premises known as HOME PIZZA (hereinafter called “the business”).
2. [MG] has agreed to grant a licence to [AT] to join as a partner to improve and jointly run and operate the business with [MG].
3. [MG] has agreed to grant this licence for a period of one year from the date above.
4. [MG] will agree to extent this agreement subject to be satisfied the way [AT] has improved and run the Home Pizza.
5. [MG] has agreed to share all COSTS and PROFITS with [AT] on the base of 50/50 for this purpose.
6. If [AT] will terminate the agreement for any reason, [AT] need to give [MG] six months written notice.
7. [MG] agreed to pay all expenses in relation to repairs and maintenance of premises, the business equipments and fittings for a period of 30 days after the date of this contract.”

27. Clearly, there are issues with the drafting of this document. However, it appears clear from the face of it that, at that time, MG was a sole trader. It also appears that it was the intention of AT and MG that they would conduct the HOME PIZZA business as a partnership for a period of 1 year, with the option to extend that term. MG gives narrative evidence that the term of this agreement was not extended past the initial term of 1 year. I note that there is no clause in the partnership agreement to prevent one partner from binding the firm, nor has MG suggested that any such clause existed.

28. Whether or not AT remained a partner in the business after the expiry of the 1 year term is crucial to the dispute between the parties. This is because on 20 April 2018, AT purportedly sold the business to NHP.<sup>5</sup> An agreement was executed between them (with Mr Bavandi signing on the company’s behalf), transferring the assets of the HOME PIZZA business (at that time operating at 92 Queens Road, but previously having operated at 51 The Brow), including the goodwill, to NHP. Only the first page and the signature page have been provided. There is no suggestion that MG was a

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<sup>5</sup> Exhibit HB-2

signatory to that agreement, although the agreement does state that the business is owned by AT and MG.

29. MG states that AT did not have the authority to enter into the agreement and, consequently, it is not valid.

30. By contrast, NHP claims that, by virtue of this agreement, any goodwill in the business was transferred to it in 2018. NHP's arguments in this regard appear to be that AT was a partner in the business and, as a result he had the power to bind the firm (including MG),<sup>6</sup> and, in any event, MG had knowledge of, and was in agreement with, the sale. I accept MG's position that some of the evidence put forward by NHP in support of this claim is inconclusive. For example, if AT did not have authority to sell the business, and had attempted to do so without the consent or knowledge of the rightful owner, the fact that he also transferred a domain name to NHP does not make either action valid. However, I note the following from NHP's evidence:

- a) Mr Bavandi gives evidence that part of the consideration for the purchase of the business was paid directly to MG. Further, Mr Bavandi has filed evidence to show that a cheque (allegedly for part of the consideration) in the sum of £1,854 was made out to MG on 7 July 2018 and that the amount was deducted from his account.<sup>7</sup> Two further payments were made (to different unnamed accounts) in the sums of £2,537 and £7,500).

MG was given an opportunity to file evidence in response to NHP's evidence of a cheque being made out to MG. No evidence was filed. However, MG did file written submissions commenting upon NHP's evidence. The submissions do not make any comment upon whether or not MG received the cheque in question. However, they state:

“MG has openly admitted, in paragraph 10 of his first witness statement, that there was a transaction between him and [Mr Bavandi] at this time

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<sup>6</sup> Section 5 of the Partnership Act 1980

<sup>7</sup> Exhibits HB-5 and HB-11

for the purchase of equipment. MG also states that this was not a purchase of the business or the goodwill attached to the business. MG's first witness statement was provided prior to MG having sight of the evidence filed by HB. As such, it is unsurprising that a cheque made out to MG exists as a transaction to purchase equipment occurred."

I note that MG gives evidence that he was approached by Mr Bavandi to purchase some of his equipment during the time that he was not trading, which MG agreed to. However, MG claims that this approach took place some time between the beginning of 2019 and June 2020. Given that the cheque referred to above was dated 7 July 2018, this timing would not fit. In the absence of any convincing explanation from MG or an explicit denial that he received the cheque in question at the time it appears to have been signed, I see no reason to doubt Mr Bavandi's evidence.

- b) An email from Just Eat on 20 April 2018 was sent to MG acknowledging a request to change the name on the account to NHP and requesting further documentation in order to be able to process this request.<sup>8</sup> I accept MG's submission that this provides no evidence that he contacted Just Eat to request the change himself. However, MG has not denied receiving this email communication. The request was, at some point, processed because a later screenshot of a communication from Just Eat lists Mr Bavandi as the holder of the account (with the same account number).<sup>9</sup>

As noted above, MG claims that he stopped trading at the beginning of 2019. However, this was after the email from Just Eat acknowledging receipt of a request to change the name on the HOME PIZZA account. Further, the explanation provided by MG as to why he stopped trading (i.e. because he wanted to move premises and because of unstated 'personal circumstances') is rather vague. It seems to me, more likely that he stopped trading because the business had been sold.

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<sup>8</sup> Exhibit HB-6

<sup>9</sup> Exhibit HB-6

31. There are clearly gaps in the evidence from both parties. However, on balance, I think it more likely than not that AT was a partner in the business at the time of the sale to NHP. This is because I cannot believe that MG would have paid a cheque into his account (in relation to which I have no plausible explanation other than that it was consideration for the business sale) or allowed his Just Eat account to be transferred to NHP if he had not had full knowledge of the sale and if AT did not have the authority to enter into the transaction that he did. I recognise that there is no evidence that the 2015 partnership agreement was extended. However, in order for AT to have entered into the agreement to sell the business that he did, he would have had to either be acting fraudulently (in the knowledge that he had no interest in the business that he was selling) or he believed that he was a partner and was entitled to sell the business. In my view, the latter is far more likely in these circumstances (whether because the 2015 agreement was extended or because they had entered into a subsequent partnership at will). This is particularly the case given that the business could not have been transferred to NHP without MG's knowledge and yet he took no action at the time to prevent it. Consequently, it is my finding that the goodwill in the business, of which the sign HOME PIZZA was distinctive, was transferred to NHP on 20 April 2018.

32. I am fortified in this finding by MG's lack of action regarding NHP trading in Watford under the sign HOME PIZZA since 2018. Mr Bavandi's unchallenged evidence is that the business has continued trading and, indeed, has since opened a new branch in March 2020. It seems to me that if MG had not known about, or had not consented to, the sale of the business to NHP, that he would have taken steps to prevent them from trading under an identical sign in such close proximity, particularly given that he claims to have always had an intention to recommence trade himself even when he was not trading (which he did in 2020).

### **THE INVALIDATION AGAINST NHP'S MARK**

33. The invalidation against NHP's mark is brought under section 5(4)(a) of the Act, which has application in invalidation proceedings by virtue of section 47(2) of the Act. Section 5(4)(a) states as follows:

“(4) 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, where the condition in subsection (4A) is met,

(aa) [...]

(b) [...]

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.”

34. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

35. 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).”

36. The relevant date is the date of the application for NHP’s mark i.e. 15 November 2019, although the fact that the applicant had been trading under the mark since 2018 must also be taken into account.

37. The parties are in agreement that the business had a substantial goodwill in 2018. I have already found that the goodwill in the business was transferred to NHP on 20 April 2018. Consequently, by the relevant date, MG could not have been the owner of the goodwill in the business of which the sign relied upon was distinctive. Consequently, he does not have the requisite goodwill to bring an invalidation under section 5(4)(a). Further, use of the mark by NHP would not have constituted a misrepresentation to the public that it is, or is connected with, MG.

38. The application for invalidation against NHP’s mark is dismissed.

## **THE OPPOSITON AGAINST MG’S MARK**

### **Section 5(1)**

39. MG admits that the marks are identical and that the services are identical. Consequently, NHP’s opposition based upon section 5(1) of the Act succeeds in its entirety.

### **Section 5(4)(a)**

40. I have already set out the legislation and case law relevant to this section above.

41. The relevant date is the date of the application for MG’s mark i.e. 30 July 2021.

## Goodwill

42. As set out above, the parties do not dispute that the business had substantial goodwill for pizza takeaway services in 2018. I note that the evidence of turnover from MG under the HOME PIZZA sign ceases in 2018. However, Mr Bavandi's narrative evidence is that the business continued to operate after the sale to NHP in 2018. Indeed, Mr Bavandi confirms that he continued to invest in the business and opened a new branch in 2020. In any event, I consider that, even if the business had not continued trading, there would still have been residual goodwill in the business (given the substantial nature of the goodwill, as agreed by the parties) by the relevant date (only 2 years later) in the Watford area.

## Misrepresentation and damage

43. 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]”

The same proposition is stated in *Halsbury's Laws of England 4th Edition Vol.48 para 148* . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175* ; and *Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

44. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, Lord Justice Lloyd commented on the paragraph above as follows:

“64. One point which emerges clearly from what was said in that case, both by Jacob J and by the Court of Appeal, is that the “substantial number” of people who have been or would be misled by the Defendant's use of the mark, if the Claimant is to succeed, is not to be assessed in absolute numbers, nor is it applied to the public in general. It is a substantial number of the Claimant's actual or potential customers. If those customers, actual or potential, are small in number, because of the nature or extent of the Claimant's business, then the substantial number will also be proportionately small.”

45. Accordingly, once it has been established that the party relying on the existence of an earlier right under section 5(4)(a) had sufficient goodwill at the relevant date to found a passing-off claim, the likelihood that only a relatively small number of persons would be likely to be deceived does not mean that the case must fail. There will be a misrepresentation if a substantial number of customers, or potential customers, of the claimant's actual business would be likely to be deceived.

46. Halsbury's Laws of England Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

“Establishing a likelihood of deception generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation<sup>1</sup> among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other indicium which is the same or sufficiently similar that the defendant's goods or business are from the same source<sup>2</sup> or are connected.

While it is helpful to think of these two factual elements as two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which will have regard to:

- (a) the nature and extent of the reputation relied upon,
- (b) the closeness or otherwise of the respective fields of activity in which the claimant and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the claimant;
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent

intent, although a fraudulent intent is not a necessary part of the cause of action”.

47. The parties agree that the HOME PIZZA business had a substantial goodwill in relation to pizza takeaway services in 2018. The evidence indicates that NHP has continued the business since then. MG’s mark is applied-for in relation to various food and drink services and delivery services (or information services relating thereto). Clearly, the parties are operating in identical or similar fields. The applied-for mark is identical to the sign distinctive of NHP’s acquired and earned goodwill. Taking all of this into account, I consider that as at the relevant date in July 2021, a substantial number of members of the relevant public would be misled into purchasing MG’s services in the mistaken belief that they are the services of NHP. Damage through diversion of sales is easily foreseeable, particularly as the parties are operating in the same (relatively limited) geographical area.

48. The opposition based upon section 5(4)(a) succeeds in its entirety.

### **Section 3(6)**

49. 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.”

50. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121 the Court of Appeal considered the case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 EU:C:2009:361, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, EU:C:2013:435, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening*, Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08, EU:T:2011:46. It summarised the law as follows:

“68. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].

5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54].”

51. According to *Alexander Trade Mark*, BL O/036/18, the key questions for determination in a claim of bad faith are:

(a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?

(b) Was that an objective for the purposes of which the contested application could not be properly filed? and

(c) Was it established that the contested application was filed in pursuit of that objective?

52. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

53. NHP claims that MG applied for the trade mark in the knowledge that the business had been sold to NHP and that he had benefitted from the sale of that business (having been paid part of the consideration). Plainly, selling a business and subsequently applying to register the identical trade mark (and consequently infringing the rights of the party to whom you sold the business) is a purpose capable of amounting to bad faith. I have already found that MG had knowledge that the business had been sold to NHP prior to the filing date of MG's mark and had consented to the arrangement. In my view, there is a clear prima facie case of bad faith. Other than his claim to not have sold the business (which I have already discounted) MG has not put forward any convincing explanation as to why he applied for a trade mark in these circumstances to rebut the prima facie case. In my view, the application has been applied for in bad faith.

54. The opposition based upon section 3(6) succeeds in its entirety.

### **Section 5(3)**

55. I can deal with this ground relatively swiftly. Whilst the parties agree that the business has substantial goodwill in 2018, I am not convinced that the evidence is sufficient to establish a qualifying reputation, i.e. that the mark was known to a significant proportion of the relevant public in the UK. One of the factors relevant to an assessment of reputation for this purpose is the geographical spread of the use; in this case, that is limited to the Watford area only. Further, the limited information I have about the scale of the business does not suggest one with the requisite reputation to bring an opposition under section 5(3).

56. The opposition based upon section 5(3) is dismissed.

### **CONCLUSION**

57. The application for a declaration of invalidity against UKTM no. 3444526 fails in its entirety.

58. The opposition against UKTM no. 3675576 succeeds in full and the application is refused.

### **COSTS**

59. NHP has been successful and is entitled to a contribution towards its costs based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award NHP the sum of **£2,250**, calculated as follows:

Filing a Notice of opposition and considering MG's counterstatement	£400
Filing a counterstatement and considering MG's Notice of Invalidity	£300
Considering MG's evidence and filing evidence	£1,000

Written submissions in lieu	£350
Official fee for opposition	£200
<b>Total</b>	<b>£2,250</b>

60. I therefore order Mahmoud Gharedaghi to pay New Home Pizza Ltd the sum of £2,250. This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

**Dated this 10<sup>th</sup> day of May 2023**

**S WILSON**  
**For the Registrar**