

O/659/21

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF APPLICATION NO. 3424180
BY BARKAT RICE MILLS (PVT) LTD
IN CLASS 30

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 419344
BY KHYBER (U.K) LTD

AND IN THE MATTER OF REGISTRATION NO. 3451504
IN THE NAME OF BARKAT RICE MILLS (PVT) LTD
IN CLASS 30 AND 35

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO. 503153 BY KHYBER (U.K) LTD

AND IN THE MATTER OF REGISTRATION NO. 3415079
IN THE NAME OF KHYBER (U.K) LTD
IN CLASS 35

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THEREO
UNDER NO. 503339 BY BARKAT RICE MILLS (PVT) LTD

BACKGROUND AND PLEADINGS

1. The three actions that are the subject of these consolidated proceedings between Barkat Rice Mills (Pvt) Ltd (“Barkat Rice”) and KHYBER (U.K) LTD (“KHYBER LTD”) are as follows:

- I. An opposition (no. 419344) launched by KHYBER LTD against Barkat Rice’s trade mark application no. 3424180. The opposition is based on KHYBER LTD’s earlier mark no. UK3415079;
- II. An application for invalidation (no. 503339) launched by Barkat Rice against KHYBER LTD’s earlier mark no. UK3415079;
- III. An application for invalidation (no. 503153) launched by KHYBER LTD against Barkat Rice’s trade mark registration no. 3451504.

The opposition against Barkat Rice’s trade mark application no. 3424180

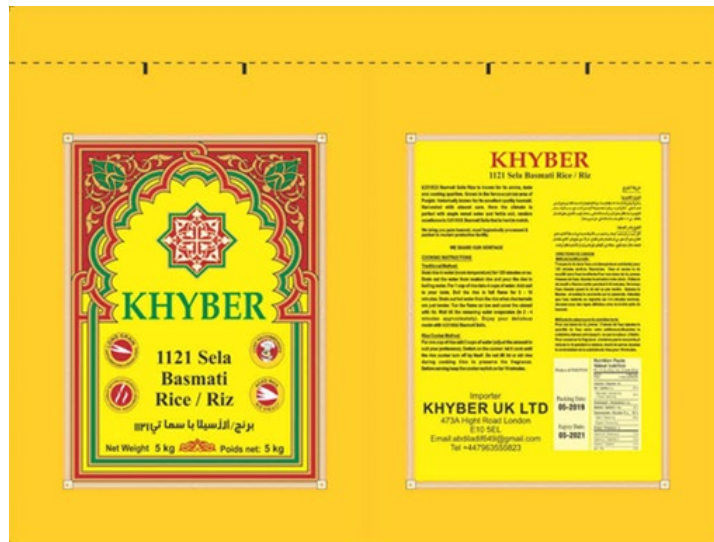
2. On 27 August 2019, Barkat Rice applied to register the following trade mark in the UK under application no. 3424180 (“the ‘180 mark”):



3. The application was published for opposition purposes on 1 November 2019 and registration is sought for the following goods:

Class 30: Basmati rice.

4. On 6 February 2020, KHYBER LTD opposed the application. The opposition is based upon Section 5(2)(b) of the Trade Marks Act 1994 (“the Act”), in relation to which KHYBER LTD relies upon trade mark no. UK3415079, the pertinent details of which are shown below:



Representation:
("the '079 mark")

Filing date: 19 July 2019; Registration date: 28 August 2020

Services relied upon:

Class 35: Import and retail services connected with the sale of Basmati rice originating from India and/or Pakistan.

5. The mark relied upon by KHYBER LTD qualifies as an earlier mark and, given its registration date, is not subject to the proof of use provisions contained in Section 6A of the Act.

6. KHYBER LTD claims that the parties' goods and services are identical and that the marks are similar, resulting in a likelihood of confusion, including a likelihood of association.

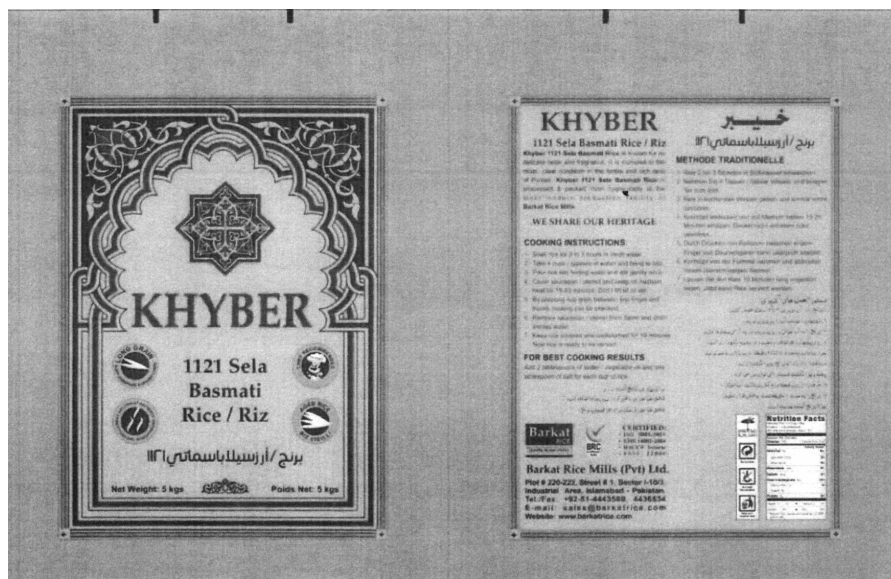
7. Barkat Rice filed a counterstatement denying the claims made.

8. The proceedings were suspended pending the resolution of two oppositions (under consolidated cases nos. 418333 and 418711) which had been launched by a third party against KHYBER LTD's earlier '079 mark. These were subsequently withdrawn, and the proceedings were resumed.

The application to invalidate KHYBER LTD's earlier '079 mark

9. On 17 September 2020, Barkat Rice applied to invalidate KHYBER LTD's earlier '079 mark pursuant to Section 47 of the Act. The application is based upon Sections 5(4)(a), 5(4)(b) and 3(6) of the Act.

10. Under Section 5(4)(a) of the Act, Barkat Rice relies upon the two signs shown below (which are collectively referred as "the KHYBER marks") which it claims to have used in Sheffield and subsequently throughout the UK since at least 2010 in respect of *rice processed; milled rice and import and export services; import and export services in connection with rice, milled rice and processed rice; retail and wholesale services in connection with the sale of rice; retail and wholesale services connected with the sale of processed rice; retail and wholesale services connected with the sale of milled rice; marketing, advertising and publicity services; marketing, advertising and publicity services in connection with rice, milled rice, processed rice and rice products:*



KHYBER and

("the KHYBER product packaging sign")

11. Barkat Rice's pleaded case is that:

- i. Barkat Rice is a company based in Pakistan. It is a major manufacturer and distributor of rice and basmati rice. It is also the proprietor in Pakistan of a trade mark registration for the KHYBER product packaging sign which covers, inter alia, rice;
- ii. Barkat Rice has sold and distributed rice products in the UK under the KHYBER marks since at least 2010. This was initially done through Barkat Rice's appointed distributor, MP Riceworld Limited, which was based in Sheffield. Barkat Rice also sold and distributed rice products under the mark KHYBER through a range of other distributors, including KHYBER LTD;
- iii. Through its consistent sale and distribution of KHYBER rice products, Barkat Rice has developed a substantial goodwill in connection with the KHYBER marks. Use of KHYBER LTD's '079 mark constitutes a misrepresentation to the public that KHYBER LTD's services are connected with Barkat Rice's goodwill which will (or is likely to) damage Barkat Rice's goodwill.

12. Therefore, registration of KHYBER LTD's '079 mark is contrary to Section 5(4)(a) of the Act.

13. Under Section 3(6) of the Act, Barkat Rice claims that:

- i. Barkat Rice has supplied KHYBER LTD with its rice products since December 2018, including the supply of KHYBER SELLA PREMIUM and KHYBER basmati rice products. Consequently, KHYBER LTD was fully aware of Barkat Rice and its products prior to the filing of the application for the '079 mark;
- ii. KHYBER LTD filed the application for the '079 mark in bad faith in order to: a) disrupt Barkat Rice's business relating to the distribution and sale of rice products under the KHYBER marks; b) harm or damage Barkat Rice's reputation and its UK distribution network; c) gain an unfair advantage over Barkat Rice and its distributors and d) establish itself as Barkat Rice's authorised or exclusive UK distributor of rice products under the KHYBER marks.

14. Therefore, registration of KHYBER LTD's '079 mark is contrary to Section 3(6) of the Act.

15. Under Section 5(4)(b) of the Act, Barkat Rice further claims that:

- i. Barkat Rice is the owner of copyright in relation to the KHYBER product packaging sign which is identical to KHYBER LTD's '079 mark;
- ii. The said work was developed by Mr Sohail Sultan who is Barkat Rice's director. The product packaging was registered as a trade mark in Pakistan on 19 December 2008 (under trade mark no. 259596)¹ and is identical KHYBER LTD's '079 mark.

16. Therefore, registration of KHYBER LTD's '079 mark is contrary to Section 5(4)(b) of the Act.

17. KHYBER LTD filed a counterstatement denying the grounds for invalidation and argued that Barkat Rice's registered rights in Pakistan are irrelevant to the proceedings at issue.

The application to invalidate Barkat Rice's trade mark registration no. 3451504

18. Barkat Rice is also the registered proprietor of trade mark no. 3451504 ("the '504 mark"), for the mark **Khyber**. The application to register the mark was filed on 13 December 2019 and the mark was registered on 3 April 2020 in relation to:

Class 30: *Rice; processed rice; milled rice*

Class 35: *Import and export services; import and export services in connection with rice, milled rice and processed rice; retail and wholesale services in connection with the sale of rice; retail and wholesale services connected with the sale of processed rice; retail and wholesale services connected with the sale of milled rice; marketing, advertising and publicity services; marketing,*

¹ Annex A to the statement of grounds

advertising and publicity services in connection with rice, milled rice, processed rice and rice products.

19. On 1 June 2020 KHYBER LTD applied under Section 47 of the Act to invalidate this mark. The application is based upon Section 5(2)(b) of the Act. KHYBER LTD relies upon the same earlier '079 mark which is relied upon to oppose Barkat Rice's application for the '180 mark.

20. KHYBER LTD claims that the marks are similar and the goods and services are identical or similar, resulting in a likelihood of confusion.

21. Barkat Rice filed a counterstatement denying the claims made.

22. KHYBER LTD is represented by Wilson Gunn and Barkat Rice by JP Mitchell Solicitors. Only Barkat Rice filed evidence. Both parties filed written submissions during the evidence rounds which I will bear in mind and refer to as appropriate. Neither party requested a hearing and both parties filed written submissions in lieu. This decision is taken following a careful reading of all of the papers.

23. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU trade mark law.

EVIDENCE

24. Barkat Rice's evidence consists of two witness statements. The first witness statement is from Umer Javid Malik and the second is from Sohail Sultan. Mr Malik and Mr Sultan both work for Barkat Rice and hold the position of general manager, and marketing and operation director, respectively.

Umer Javid Malik's witness statement

25. Mr Malik's witness statement includes some evidence relating to parallel proceedings² involving the same parties but different marks, which I will disregard. Insofar as it is relevant to these proceedings, Mr Malik's evidence is as follows.

26. Barkat Rice was established in 1999 and specialises in the manufacture and supply of basmati rice, in which respect it is the leading company in Pakistan. Barkat Rice is involved in all stages of rice production and supply, including quality control. Contained within the exhibits³ attached to Mr Malik's statement are copies of two certifications indicating that Barkat Rice complied with the requirements of Food Safety System Certification (FSSC) 22000 and BRC Global standard for Food Safety in relation to "processing and packaging of rice" and "rice processing" respectively. The first certification is attested to be valid from 18 September 2018 until 17 December 2020, the second was issued on 7 January 2015, but I note that they both carry a UK national accreditation logo.⁴

27. According to Mr Malik, Barkat Rice has also been certified by the British Retail Consortium since 2008 and uploads its mill information audit reports to the British Retail Consortium's official website on an ongoing basis.

28. Mr Malik provides the following sales figures that are taken from Barkat Rice's company accounts:⁵

Year End	Turnover (Rupees)	Equivalent Turnover (Pounds)
30 June 2020	1,731,149,043	8,444,629
30 June 2019	1,564,116,317	7,556,117
30 June 2018	1,206,742,356	7,542,140
30 June 2017	871,106,670	6,452,642
30 June 2016	717,017,322	5,158,398
30 June 2015	985,147,786	6,157,174
30 June 2014	943,264,966	5,614,672

² Leading case opposition no. 418890

³ UJM1

⁴ The logo used by UKAS (the national accreditation body) to identify itself.

⁵ UJM2-7

29. The above figures appear to represent the company's global turnover.

30. Mr Malik explains that KAALAR and KHYBER are the two main brands under which Barkat Rice produces and sells basmati rice and that the products are sold in over 30 countries, including the UK. Mr Malik also states that these two brands account for around 80% of the turnover figures provided and clarifies that only 20% relates to the sale of basmati rice under the brand KHYBER and that some 60% relates to the sale of basmati rice under the brand KAALAR.

31. Mr Malik states that the brand KHYBER was created in 2008 and that Barkat Rice has used the brand ever since in connection with the sale and marketing of basmati rice products. Copies of archive webpages from the WayBack machine illustrating use of the mark KHYBER in relation to basmati rice products on Barkat Rice's website (at www.barkatrice.com) on various dates between 2012 and 2019 have been supplied.⁶ Mr Malik produces evidence of online promotion and sale of KHYBER rice products⁷ including the result of a Google search for the term "Khyber rice" as well as copies of webpages from Amazon. However, this evidence is not pertinent as it is not UK-specific (for examples the price is displayed in currencies other than GBP) and is undated, the only identifiable date being the printing date, i.e. 29 December 2020. Likewise, all but one example of email correspondence for the supply of KAALAR and KHYBER rice is with distributors based outside the UK,⁸ including in the UAE, Hong Kong, Japan and Australia; the one example which relates to the UK consists of an email dated 1 August 2018 sent by a major UK wholesale company to Barkat Rice in which they simply state they are interested in KAALAR and KHYBER basmati rice products.

32. Mr Malik makes a point that, consistent with their long-standing use and development of their brands, Barkat Rice owns trade mark registrations for the marks KAALAR and KHYBER in Pakistan. A copy of the trade mark registration certificate for the word mark KHYBER⁹ shows that the mark was filed on 19 December 2008 and was registered on the same day in respect of, inter alia, rice in class 30.

⁶ UJM8

⁷ UJM10

⁸ UJM12

⁹ UJM13

33. As regards the UK use, Mr Malik says that KAALAR and KHYBER products have been sold in the UK since 2010 and provides a summary of Barkat Rice's sales.¹⁰ According to the summary, between 2010 and 2020, Barkat Rice sold over 1,6 million (the currency is not stated) worth of rice products in the UK, however, most of those sales were made under other brands, including KAALAR, with only three sales being recorded as relating to the brand KHYBER. The sales relating to the brand KHYBER are as follows: one sale made in 2010 to MP Riceworld Ltd for a value of 14,000 and two sales made to KHYBER LTD in 2018 and 2019 for a value of 34,048 and 30,392 respectively. Although there is an issue as to what is the currency that expresses the total of 1.6 million and the individual sales of 14,000, 34,048 and 30,392, the evidence includes a more detailed breakdown of sale (from 2016 onwards),¹¹ from which it can be seen that the value of the KHYBER products sold in the UK to KHYBER LTD was as follows: USD12,000 and USD20,400 (invoice no. 4980 of 13 December 2018), and USD12,000 and USD18,392 (invoice no. 5061 of 13 May 2019). This amounts to a total of USD62,792 which corresponds to £48,278.¹²

34. Mr Malik also refers to the promotion and distribution of KAALAR and KHYBER products being carried out in the UK by a network of UK distributors, including the following: Global Imports and Exports Ltd, MP Riceworld Ltd, Abouzaki Holding Ltd, MSBI UK Ltd, Habbis International Ltd, Global Foods Ltd and Tayo Trading Ltd. He also supplies what he describes as "*copies of all the relevant UK invoices*" for the period 2010-2020.¹³ The only invoice which relates to the KHYBER brand is an invoice dated 25 March 2010 to MP Riceworld Ltd for the value of £9,850.¹⁴

35. Mr Malik then talks about Barkat Rice's dealing with KHYBER LTD which, he says, started around 28 October 2018. Mr Malik does not provide any background information but supplies copies of email correspondence¹⁵ he had with someone called Ladif Abdi from KHYBER LTD in the course of which Mr Ladif asked for Barkat Rice's bank details in order to make an advance payment of £8,000 for Barkat Rice's

¹⁰ UJM14

¹¹ UJM15

¹² At the currency rate applicable at 13 May 2019

¹³ UJM16

¹⁴ Invoice 2457

¹⁵ UJM17

products. As it can be seen from this evidence, Mr Ladif emailed Mr Malik on 28 October 2018 saying *“Salaam omar its me ladif from london this is my new company ill use future order”*. He later sent another email (on the same day) saying *“salaam I forgot to ask you account number I send me you the money first payment £8000”*. Mr Malik then sent the bank details to Mr Ladif on 1 November 2018, followed by another email dated 3 November 2018 which contained (as an attachment) a “pro-forma invoice” issued by Barkat Rice to KHYBER LTD at an address in London. The invoice bares the information *“Sella Basmati Rice, KHYBER BRAND, Premium Quality”* in the description of the goods and the sum involved is USD32,880. Included within Mr Malik’s evidence are two additional invoices¹⁶ which discloses the same details but were issued on 7 December 2018 (invoice no. 4980) and 4 April 2019 (invoice no. 5061) and are for USD32,400 and USD32,040 respectively. The Khyber products supplied under these two invoices amounted to 2,400 20Kg bags (or 9,600 5Kg bags) of rice.

36. Mr Malik states that on 20 November 2018 he had a further exchange with Mr Ladif using WhatsApp¹⁷ with regard to *“the approval of Khyber rice packaging design prior to [Barkat Rice]’s supply of Khyber rice products to [KLTD]”*. Mr Malik states that *“as it can be seen, Mr Ladif approved the Khyber design ([by saying] “I like this design I confirm thanks”)*” and in response he confirmed they would start production of the relevant order. Mr Malik also states that the design provided to Mr Ladif in the WhatsApp exchange of 20 November 2018 is the same design which KHYBER LTD applied for under the ‘079 mark on 19 July 2019 – but, indeed, the one provided by Mr Malik includes the name Barkat Rice - and explains that it is Barkat Rice’s usual process to provide packaging design documents to new consumers to ensure they are happy with the packaging layout before it starts production and supply of these products. Mr Malik also states that the goods sold under the invoices nos. 4980 and 5061 were provided in a packaging consistent with the KHYBER product packaging sign shown to Mr Ladif in November 2018.

¹⁶ UJM19-21

¹⁷ UJM18

37. The last piece of evidence provided by Mr Malik is a copy of an exclusive distribution agreement between Barkat Rice and a UK company (which is not a party to these proceedings) for the distribution of KAALAR and KHYBER rice.¹⁸ The agreement is dated 13 March 2019. This evidence is provided in support of the argument that when KHYBER LTD applied to register the '079 mark Barkat Rice had already committed itself to an exclusive distribution agreement with another distributor and the application is an attempt to obstruct Barkat Rice's contractual arrangements with its distributor.

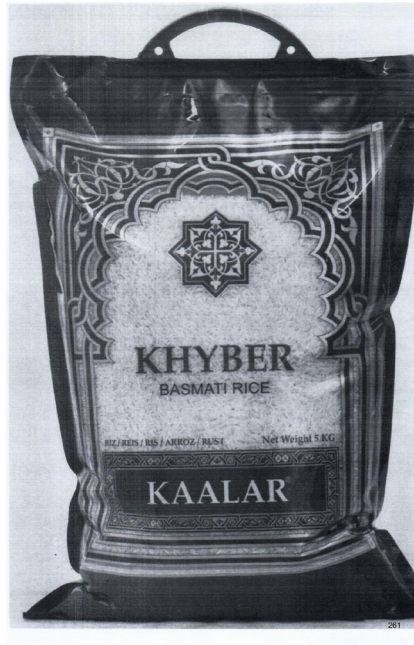
Sohail Sultan's witness statement

38. Mr Sultan's witness statement is very brief. He says that he is an architect by profession, that he joined Barkat Rice since 1999 and that in the course of his duties for the company he was responsible for the creation of the packaging design for the KHYBER rice products. Mr Sultan states that he created the first design in 2008, a copy of which is shown below:¹⁹



¹⁸ UJM22
¹⁹ SS1

39. Mr Sultan explains that the design created in 2008 formed the basis for all subsequent designs used by Barkat Rice and that he has been personally responsible for the development of the KHYBER packaging design from 2008 onwards. An example of KHYBER packaged rice produced by Barkat Rice is shown below:²⁰



40. Mr Sultan finally states as follows:

“I confirm that the designs described above were created by me in the course of my employment and were produced for the benefit of [Barkat Rice] and on the understanding that [Barkat Rice] would own all and any rights in those designs, including all intellectual property rights. I cannot imagine why there would ever be any question about [Barkat Rice]’s ownership of those rights but if any such question were ever raised, I confirm I would sign an assignment of all intellectual rights in the design in favour of [Barkat Rice]”.

KHYBER LTD’s response to Barkat Rice’s evidence

41. Having requested two extensions of time to file evidence in reply to Barkat Rice’s evidence (both of which were granted), KHYBER LTD eventually decided not to file evidence. The only comments KHYBER LTD made as regards Barkat Rice’s evidence

²⁰ SS2

were included in an email dated 24 May 2021 (which was copied to the other party) the content of which is reproduced below:

“Having carried out a complete review of the evidence filed by [Barkat Rice], it is clear that the majority of the evidence does not support the claims made by [Barkat Rice]. None of the evidence shows sales made in the United Kingdom under the KHYBER logo (packaging) mark, prior to the relevant date of 19 July 2019, in fact there would appear to be only one invoice prior to this date that references the mark KHYBER. Furthermore, the evidence does not demonstrate copying on the part of [KHYBER LTD] for the purposes of the Section 5(4)(b) claim, or any behaviour on the part of [KHYBER LTD] that would support the claim under Section 3(6).

The evidence includes various exhibit material including copy invoices, and details of advertising, marketing, and extracts from the internet archive wayback machine, all of which can be dismissed as irrelevant because they are either dated after the relevant date, or do not show actual sales, or refer to activity outside the United Kingdom. [KHYBER LTD] challenges and disputes the evidence submitted in its entirety and rejects all of the claims made by [Barkat Rice]. [KHYBER LTD] has decided that it will not file evidence at this stage in the proceedings but that it will either file detailed written submissions prior to the UKIPO decision, or that submissions will be made at a hearing before the UKIPO in due course if a hearing is elected.”

DECISION

Application to invalidate KHYBER LTD’s ‘079 mark

42. Given the consequences of this invalidation for the other consolidated cases, it is here that I should begin my assessment.

43. Barkat Rice’s application to invalidate KHYBER LTD’s ‘079 mark is based on three different grounds, namely Sections 5(4)(a), 5(4)(b) and 3(6) of the Act.

44. Sections 5(4)(a), 5(4)(b) and 3(6) of the Act have application in invalidation proceedings by virtue of Section 47 of the Act, which states as follows:

“47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground –

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

[...]

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

Section 5(4)(a)

45. I shall begin with the ground of invalidation based on Section 5(4)(a).

46. Section 5(4)(a) of the Act states as follows:

“5(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) [...]

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”.

47. Subsection (4A) of section 5 of the Act 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.”

48. 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).”

The Relevant Date

49. The date for assessing a passing off claim in invalidation proceedings is typically the date the registration,²¹ the subject of the invalidation action, was applied for, in this case 19 July 2019. KHYBER LTD has not filed any evidence, so there is no evidence supporting an earlier relevant date.

Goodwill

50. The House of Lords in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

“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.”

²¹ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

51. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

52. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the

application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

53. Mr Malik’s evidence that Barkat Rice sold at least two batches of KHYBER branded rice to KHYBER LTD prior to the relevant date has not been challenged. The goods were sold in December 2018 (invoice 4980) and in April 2019 (invoice 5061) and amounted to 9,600 5kg bags of rice for a total value of USD64,440. KHYBER LTD seems to completely disregard this evidence and makes no mention of it in the email of 24 May 2021 which read as follows:

“[...] None of the evidence shows sales made in the United Kingdom under the KHYBER logo (packaging) mark, prior to the relevant date of 19 July 2019, in fact there would appear to be only one invoice prior to this date that references the mark KHYBER.”

54. It is not clear what is the one invoice KHYBER LTD refers to. It is possible that it is the invoice dated 25 March 2010 to MP Riceworld Ltd, however, I do not put much weight on that sale because it is a single sale occurred some nine years before the relevant date and any goodwill that might have been generated under it would have probably evaporated with the passage of time. However, if any goodwill was generated under the sales made in December 2018 and April 2019 that would subsist at the relevant date.

55. There are two key points to consider in this case. The first is that KHYBER LTD has effectively acted as an importer and distributor of Barkat Rice’s products and there was no agreement which regulated the parties’ rights regarding the ownership of the goodwill generated by the sales of KHYBER rice products in the UK. The second and more important point is the complete lack of evidence about when the re-sales of the KHYBER rice products imported in the UK by KHYBER LTD took place. It is convenient to deal with these points as a preliminary findings.

56. *Wadlow on the Law of Passing Off* 6th Ed. contains the following helpful guidance as to the ownership of goodwill as between manufacturers and distributors when there is no agreement covering the ownership of goodwill:

“3-293 The factors which influence the ownership of goodwill were encapsulated by Lord Reid in *Oertli v Bowman* [[1959] R.P.C. 1, 7 HL]:

“Bowmans made and marketed the *Turmix* machines without the appellants [plaintiffs] having controlled or having had any power to control the manufacture, distribution or sale of the machines, and without there having been any notice of any kind to purchasers that the appellants had any connection with the machines.”

3-294 There are two distinct, and not necessarily consistent, standards in this passage. One is to ask who is in fact most responsible for the character or quality of the goods; the other is to ask who is perceived by the public as being responsible. The latter is (perhaps surprisingly) the more important, but it does not provide a complete answer to the problem because in many cases the relevant public is not concerned with identifying or distinguishing between the various parties who may be associated with the goods. If so, actual control provides a less decisive test, but one which does yield a definite answer.

3-295 To expand, the following questions are relevant as to who owns the goodwill in respect of a particular line of goods, or, *mutatis mutandis*, a business for the provision of services: (1) Are the goods bought on the strength of the reputation of an identifiable trader? (2) Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory? (3) Who is most responsible in fact for the character or quality of the goods? (4) What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill. [See *Gromax v Don & Low* [1999] R.P.C. 367 (Lindsay J)]”.

57. Further, in *MedGen Inc v Passion for Life*,²² the High Court stated:

“49. [...] 5. As such, goodwill is local in character. Goodwill in relation to a business carried on in the UK attaches to that business. It is nevertheless legally and factually possible for a business based overseas to acquire a goodwill in this country by the supply of its products through an agent, licensee or distributor. Whether it does so or not depends on the facts of the case, in particular, what was done and by whom. With whom do the relevant members of the public associate the name and get-up? Are they concerned with the quality and price of the product or the original source of the product?

6. Given that there is no rule of law or presumption of fact which says that the goodwill generated by the trading activities of a wholly owned subsidiary belongs to the parent or is the subject of any kind of licence, the same must apply with just as much force to the trading activities of an independent exclusive distributor.

7. In *Scandecor*, the Court of Appeal concluded that the judge had correctly appreciated the local nature of the relevant goodwill acquired by the company actually carrying on the business in the UK and to goods marketed by that company in the UK. According to the Court of Appeal, however, he fell into error in assigning a separate goodwill to the foreign publisher who had not carried on any trading or marketing activities in this country. He was wrong to assign such goodwill to it based on the trading activities of a wholly-owned subsidiary or an authorised agent or distributor. This was so even though the UK company had taken certain steps to emphasise its connection with the foreign publisher.

50.[...] 3. Mr Lord submits that in Wadlow, *The Law of Passing Off*, 2nd edition, there is a suggestion at para. 2.57 that there is a presumption that goodwill belongs to a foreign business in a case such as this. I cannot accept this. What the learned author in fact says is:

²² [2001] FSR 30

“... if the foreign business is represented by a legally distinct person of whatever capacity then the goodwill will in general belong to the foreign business rather than its local representative provided that the foreign business is recognised as the ultimate source of the goods . (Emphasis added).

Admittedly, he goes on to say:

“Problems have arisen when an English business imports and sells the goods of a foreign business ... [The] normal rule is that the goodwill belongs to the foreign business as the ultimate source of the goods unless there are circumstances to displace this presumption.”

This passage must, however, be read in the light of the previous passage which I have quoted and of course bearing in mind the Court of Appeal’s caution in *Scandecor* that these questions are always ones of fact. Indeed, the author goes to say (at para. 2.59):

“... circumstances may point to the goodwill being owned by the English business to the exclusion of the foreign manufacturer. This is likely if the foreign origin is concealed and the English company held out as the ultimate source of the goods.”

[...]

The Facts of this Case

51. Applying these general principles to the facts of this case, in my judgment the goodwill in the name “Snorenz” and in the redesigned packaging belonged exclusively to Pfl, for the following reasons:

1. MedGen carried on no business in the United Kingdom.
2. The packaging in which the product was sold carried no reference to MedGen nor any reference to the product having been developed by or produced for MedGen.

3. In contrast, the whole business of the marketing and sale of the product was carried out by Pfl. The references on the label packaging and in advertisements were exclusively to Pfl.

4. Self-evidently, and as confirmed by the limited evidence, the wholesale or retail trade would only know Pfl as the source for the product. It was to Pfl that such traders would go for the product. In the event of any defect or problem, it would have been to Pfl and not to MedGen that the wholesaler or retailer would have turned. There is no evidence that retail traders either:

1. Knew that MedGen was the developer of the product or responsible for its manufacture; or

2. Cared who had developed it or who was responsible for its manufacture.

5. Similar remarks, with perhaps even greater force, can be made about the purchasing members of the ordinary public. So far as they were concerned, their reasons for buying the product would either have been:

1. The advertisements or product references effected by Pfl, which for the most part carried Pfl's name; or

2. Their satisfaction with the product, which again carried Pfl's name [...]"

58. It is true that KHYBER LTD does not claim to own the goodwill in the name KHYBER. Further, in the absence of any evidence that KHYBER LTD changed the packaging, it is reasonable to assume that the packaging used in the UK for the purpose of retail (or wholesale) sales was the KHYBER product packaging sign approved by Mr Ladif. This carries Barkat Rice and not KHYBER LTD name. Whilst these circumstances weight in favour of Barkat Rice, they must be read against the facts that Barkat Rice is a foreign manufacturer with no business in the UK and that there is no evidence of Barkat Rice marketing KHYBER products in the UK prior to the relevant date. Furthermore, although the evidence includes details relating to the shipment of the products sold by Barkat Rice to KHYBER LTD and confirms that the two batches of goods were delivered in the UK on 13 December 2018 and 11 April

2019 respectively, there is no evidence whatsoever as to whether, when, how and to whom the goods were re-sold by KHYBER LTD in the UK.

59. As it is clear from the case-law, whether a foreign business has acquired a goodwill in the UK by the supply of its products through a distributor “*depends on the facts of the case, in particular, what was done and by whom*”. Without knowing what was done by KHYBER LTD prior to the relevant date, the evidence that the goods were imported in the UK prior to the relevant date is not capable of constituting evidence that Barkat Rice owned sufficient goodwill in the UK at the relevant date.

60. The passing off claim, and the application for a declaration of invalidity based on it, therefore fail.

Section 5(4)(b)

61. Section 5(4)(b) of the Act states as follows:

“5(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) [...]

b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs”.

62. Section 1(1)(a) of the Copyright, Designs and Patents Act 1988 (“CDPA”) provides that “*Copyright is a property right which subsists in [...] original literary, dramatic, musical or artistic works*”.

63. Section 4(1)(a) provides that “*artistic work*” means “*graphic works, photographs, sculpture or collage, irrespective of artistic quality.*” A “*graphic work*” by subsection 2(a) includes “*any painting, drawing, diagram, map, chart or plan*”.

64. A helpful summary of the main principles of copyright law and artistic works was given by District Judge Clark in *Suzy Taylor v Alison Maguire* [2013] EWHC 3804 (IPEC):

“6. [...] Section 1 of the CDPA provides for copyright to subsist in original artistic works. An "original artistic work" is a work in which the author/artist has made an original contribution in creating it – for example by applying intellectual effort in its creation.

7. Artistic works are listed in s.4(1) CDPA and include "a graphic work... irrespective of its artistic quality". Graphic work is defined in 4(2) as including "(a) any painting, drawing, diagram map, chart or plan and (b) any engraving, etching, lithograph, woodcut or similar work...".

8. For an artistic work to be original it must have been produced as the result of independent skill and labour by the artist. The greater the level of originality in the work the higher the effective level of protection is, because it is the originality which is the subject of copyright protection. If the work includes elements which are not original to the artist then copying only those elements will not breach that artist's copyright in the work. It is only where there is copying of the originality of the artist that there can be infringement.

[...]

10. Section 16 of the CDPA provides that the owner of the copyright in a work has exclusive rights to do various things in relation to the work as a whole or in relation to “any substantial part” of it. Again, when considering whether acts complained of relate to “any substantial part” of a work, it is that part of the work which is original which is relevant to substantiality. What is substantial is a question of fact and degree in the context of the originality of the author.

11. If something is an exact copy of the whole or a substantial part of an artistic work protected by copyright, it will be an infringement if there is no defence provided by one of the exceptions contained in the CDPA. If something is an inexact copy, for example if it merely resembles an artistic work protected by copyright, it may or may not be infringing. The issue is whether it is a mere idea

which has been copied or whether it is the work itself – ie the expression of the author's idea – which has been copied. There is no copyright in an idea per se because a mere idea is not a “work” in which copyright can subsist.”

Does the KHYBER product packaging sign qualify for copyright protection in the UK?

65. The first issue I need to address is whether the KHBER product packaging sign is original artistic work within the meaning of CDPA 4(1) and qualifies for copyright protection.

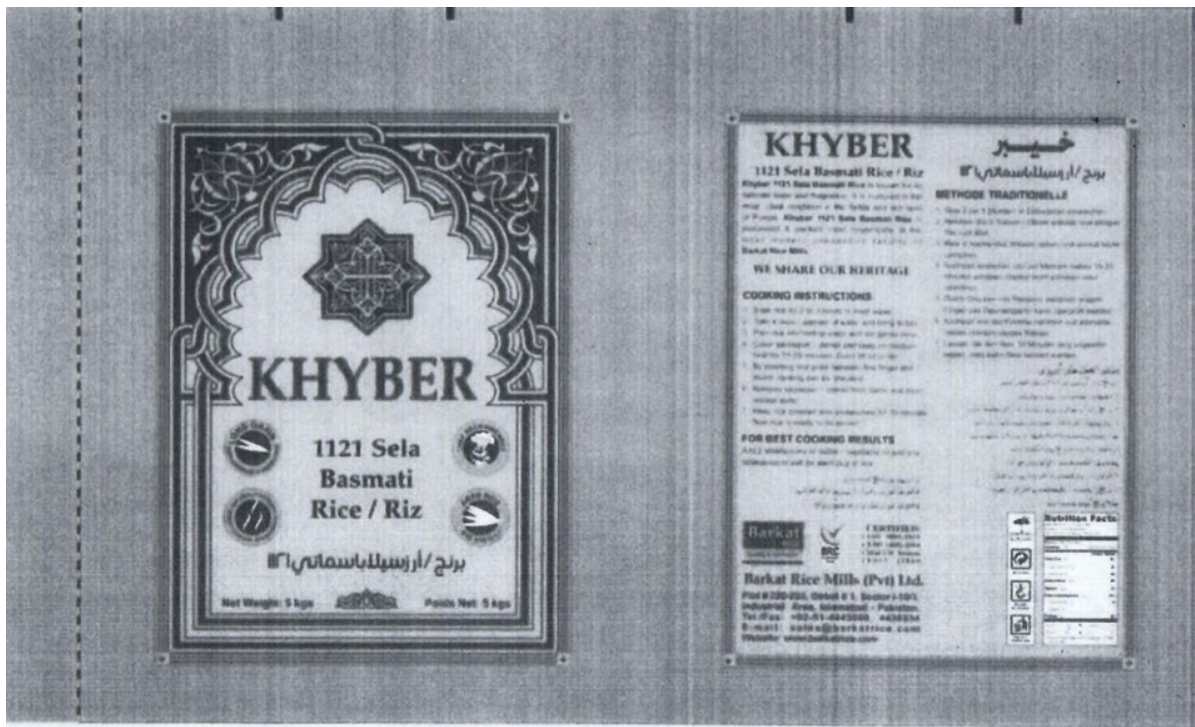
66. The case-law explains that *“for an artistic work to be original it must have been produced as the result of independent skill and labour by the artist”*. Mr Sultan gave evidence that he is an architect by profession and that he created and developed the KHYBER product packaging sign during the course of his employment with Barkat Rice.

67. In the only comments on Barkat Rice’s copyright claim, KHYBER LTD states:

“[Barkat Rice] claims ownership of copyright in the Khyber packaging design. [KHYBER LTD] denies the existence of such copyright and further denies that copying has taken place.”

68. KHYBER LTD denies the subsistence of copyright and copying, but does not say with precision why Barkat Rice’s claims are denied. However, if the KHYBER product packaging sign qualifies for copyright protection (which is what I understand is denied), KHYBER LTD does not specifically deny that BARKAT Rice is the owner.

69. Although Mr Sultan does not explain what it did in creating the KHYBER product packaging sign, there is nothing to suggest that it is not the product of independent labour or skill. Mr Sultan says that the sign determines what should be set out on the front of the packaging as well as on the reverse side, including cooking instructions, nutritional information, name of the manufacturer (i.e. Barkat Rice) and the strapline “WE SHARE OUR HERITAGE”. The sign is reproduced below:



70. Mr Sultan’s sign (which, I have said, is also registered as a trade mark in Pakistan) can be properly characterised as a drawing. It is therefore an artistic work within the meaning of Section 4 of the CDPA. Whilst neither the name KHYBER in itself nor the reverse side of the packaging is protected by copyright law, because the latter is heavily reliant on elements typical in product packaging (for example, product name, manufacturer name and borders) or functional text (such as cooking instruction), the selection and arrangement of the graphic elements displayed on the front of the packaging sign, including their shape, colour contrast, position and proportion, is creative enough in its own right to merit copyright protection. I am satisfied that the KHYBER product packaging sign is original.

71. Mr Sultan claims that he created the KHYBER product packaging sign 2008. Given the date on which work was created, the relevant date in this invalidation falls within the scope of the copyright protection.

Ownership by Barkat Rice of the copyright work

72. To succeed under this ground Barkat Rice needs to establish that it is the owner of the copyright work.

73. Section 11 of the CDPA provides that where an artistic work is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.

74. Mr Sultan claims that he created the KHYBER product packaging sign in the course of his duties for Barkat Rice while he covered the position of marketing and operation director, on the understanding that Barkat Rice would own all the intellectual property rights in the sign. This evidence has not been challenged by KHYBER LTD and I have no reason to disbelieve it.

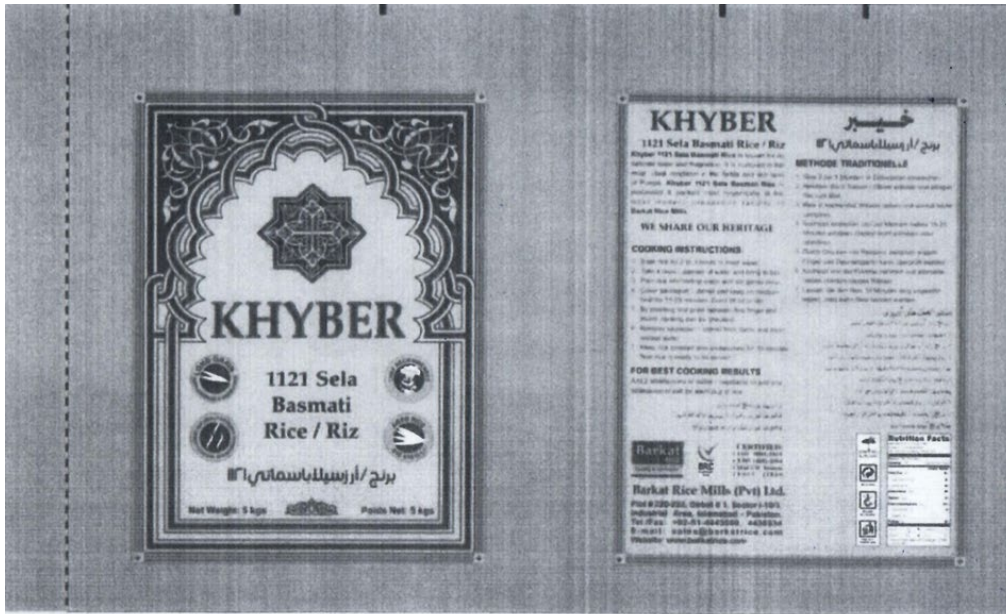
75. I accept that Mr Sultan, as the initial author of the drawing, carried out the work in the course of employment. Consequently, I accept Barkat Rice's claim that is the owner of the copyright in the KHYBER product packaging sign under Section 11 of the CDPA.

76. The next issue I need to resolve is whether Barkat Rice is a qualifying person. There is no challenge to this aspect of Barkat Rice's claim. Section 154(1) and Section 159(1) of the CDPA provide that a work qualifies for copyright protection if the author was at the material time a qualifying person, that is to say a citizen or resident of, or a body incorporated under the law of a part of the UK or under the law of a country that is party to the Berne Convention or a member of the World Trade Organization (WTO).

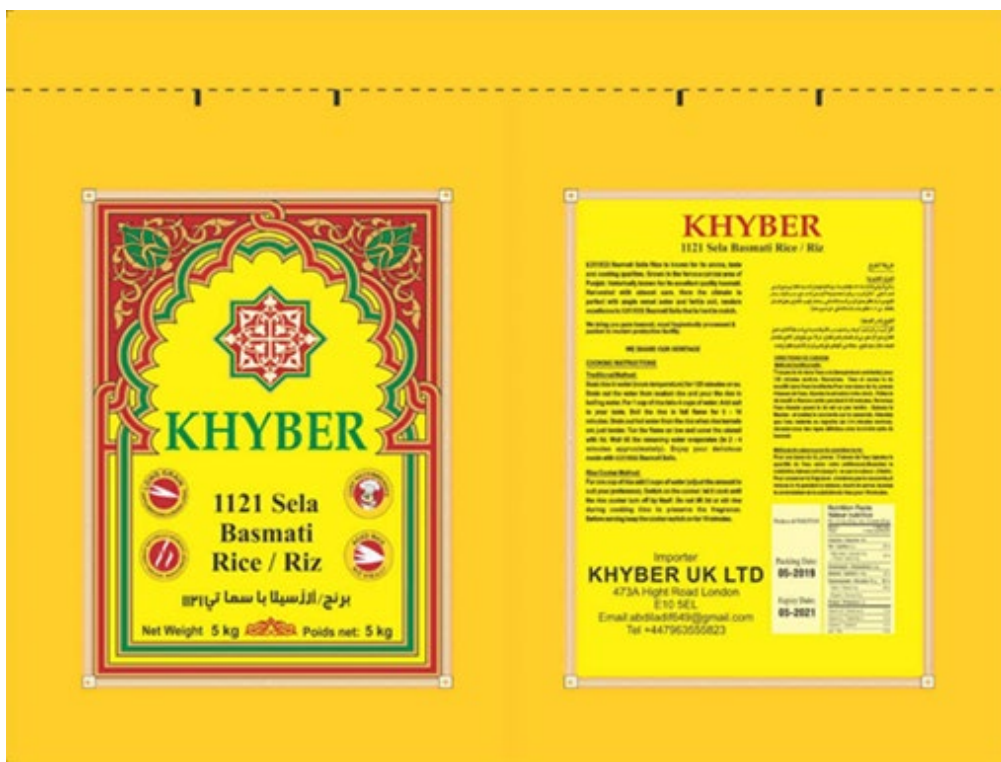
77. Pakistan is both a party to the Berne Convention and a member of the WTO. It follows that Barkat Rice have the same rights in the UK as would a UK company incorporated under the law of the UK. A company incorporated in the UK would be entitled to protect the copyright in the work by virtue of Section 154 of the CDPA. Barkat Rice's copyright in the work is therefore enforceable in the UK under the CDPA.

Whether KHYBER LTD's '079 mark was derived from Barkat Rice's copyright work and reproduces a substantial part of Barkat Rice's copyright work.

78. The last issue I need to resolve is whether there was copying. The two signs are reproduced below:



(Barkat Rice's copyright work)



(KHYBER LTD's '079 mark)

79. Section 17 of the CDPA states that:

“(1) The copying of the work is an act restricted by the copyright in every description of copyright work; and references in this Part to copying and copies shall be construed as follows.

(2) Copying in relation to a literary, dramatic, musical or artistic work means reproducing the work in any material form.”

80. Section 16(2) and (3) of the CDPA provides that the copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright, which include copying, in relation to the work as a whole or any substantial part of it, and either directly or indirectly.

81. In *Designers Guild Ltd v Russell Williams (Textile) Ltd*,²³ Lord Hoffman said:

“The first step in an action for infringement of artistic copyright is to identify those features of the defendant’s design which the plaintiff alleges to have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence. It is at this stage that similarities may be disregarded because they are too commonplace, unoriginal or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying...

Once the judge has found that the defendant’s design incorporates features taken from the copyright work, the question is whether what has been taken constitutes all or a substantial part of the copyright work. This is a matter of impression, for whether the part taken is substantial must be determined by its

²³ [2001] FSR11

quality rather than its quantity. It depends upon its importance to the defendants work... The pirated part is considered on its own... and its importance to the copyright work assessed. There is no need to look at the infringing work for this purpose.”

82. The front page of the packaging incorporated in KHYBER LTD’s ‘079 mark is identical to that of the copyright work (although one is in colour and one is in black and white). Since, it is the first page of Barkat Rice’s KHYBER product packaging that is original, the contested mark is a copy of a “substantial part” of Barkat’s Rice artistic work protected by copyright.

83. Clearly, KHYBER LTD obtained the images in question from Barkat Rice, as demonstrated by the WhatsApp message between Mr Malik and Mr Ladif, who acted on behalf of KHYBER LTD (as it appears to be his company):



84. Mr Malik also says that the two batches of KHYBER rice delivered to KHYBER LTD prior to the filing date of the ‘079 mark were packaged using the KHYBER product

packaging sign. This demonstrates that KHYBER LTD had seen (and therefore it had prior knowledge of) Barkat Rice's copyright work.

85. Taking all of the above into account, I am satisfied that Barkat Rice's evidence establish a *prima facie* case of copying. KHYBER LTD did not file any evidence to rebut that and did not even attempt to explain or provide a justification for seeking trade mark registration for Barkat Rice's copyright work. For the sake of completeness, I acknowledge that in agreeing the packaging design with KHYBER LTD, Barkat Rice may be said to have licensed the copyright for use in relation to rice obtained from Barkat Rice and for sale in the UK. However, any such licence would clearly not have extended to the use of the copyright work in relation to rice obtained elsewhere. Further, it could not have been intended to be an exclusive licence preventing the copyright holder, i.e. Barkat Rice, from licensing others to use the work in the UK, including the copyright holder itself. This would be the effect of the registration by KHYBER LTD of Barkat Rice's copyright work (or, as it is in this case, of KHYBER LTD's version of the copyright work which shows the copyright work in colour and includes a reference to KHYBER LTD as the importer). Therefore, use of the registered '079 mark would be contrary to the law of copyright, even if the copyright holder had given KHYBER LTD a limited licence to re-produce the work.

86. The claim under Section 5(4)(b), and the application for a declaration of invalidity based on it, succeed.

Section 3(6)

87. 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.”

88. 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:

89. 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].”

90. 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?

91. In its submissions in lieu, Barkat Rice referred to the following case-law as particularly relevant to the fact of the case:

“However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party used the mark in the UK, or had reason to believe that it may wish to do so in future, and intended to use the trade mark registration to extract payment/consideration from the third party, e.g. to lever a UK licence from an overseas trader: *Daawat*, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited*.”

And

“An application may also have been filed in bad faith where the applicant acted in breach of a general duty of trust as regards the interests of another party, including his or her own (ex) company or (ex) partners, or a party with whom there is, or had recently been, a contractual or pre-contractual relationship, such as a licensor, prospective licensor or overseas principal: *Saxon, Mouldpro*; or where a legal agreement prohibits such a filing.”

92. Whilst noting all of the above cases and guidance, the factual matrix is of course different here and I must consider the matter against the facts of this case in determining whether the filing of the ‘079 mark constituted an act of bad faith.

93. KHYBER LTD’s defence in relation to Barkat Rice’s bad faith claim is that “*there is nothing in the evidence to suggest that [KHYBER LTD] acted in bad faith*”²⁴ and that “*the evidence does not demonstrate [...] any behaviour on the part of [KHYBER LTD] that would support the claim under Section 3(6)*”.²⁵ It also stated that: “*Barkat Rice is*

²⁴ Submission in lieu

²⁵ Email of 24 May 2021

*based in Pakistan and would appear to be trading predominantly outside of the UK. The evidence filed by Barkat Rice refers to use and sales outside of the UK. Any reputation that Barkat Rice claims is in countries other than the UK. KHYBER LTD has acted in accordance with honest business practices in securing registration of its Khyber logo”.*²⁶ These are literally the only comments made by KHYBER LTD in response to Barkat Rice’s evidence and allegations.

94. It would, of course, have been helpful to have had evidence from KHYBER LTD to demonstrate what its motivations were, or at least to hear its side of the story. However, in the absence of any evidence from KHYBER LTD, I accept the facts that have been presented by Barkat Rice.

95. The first thing I would say about Barkat Rice’s evidence is that it seems striking to me that Mr Malik did not question the use of Barkat Rice’s brand name KHYBER by a UK company he was trading with. In this connection, Barkat Rice issued two invoices to KHYBER LTD prior to the relevant date without raising any objection to the use by KHYBER LTD of the name KHYBER in their company name. On the other hand, KHYBER LTD does not rely on Barkat Rice’s acquiescence to its use of the name KHYBER to argue that the mark was filed in good faith.

96. It is possible that there was some sort of agreement between Barkat Rice and KHYBER LTD for the latter to become an official distributor of Barkat Rice’s KHYBER products which would explain why Mr Ladif decided to call his new company KHYBER LTD and why Mr Malik did not object. This is consistent with Mr Malik’s evidence about the WhatsApp messages exchanged with Mr Ladif, in relation to which it stated:

“At this point, it is essential to appreciate that the packaging designs are our internal confidential documents. They are not generally available and would only be available to third parties, such as a supplier or potential distributor, if provided to them by someone from the Company, for example in the context of a potential sale or approval of packaging in advance of production and supply. It is our usual process to provide packaging design documents when we start

²⁶ Submission in lieu

providing product to a new consumer, so that we can be sure they are happy with the packaging layout before we commit to manufacture and supply those products.

This is exactly the situation reflected in the WhatsApp exchange with Mr Ladif. I confirm he (sic) provided with the design layouts for the Khyber rice packaging by me only for the purpose of approving that packaging design in advance of the Company's supply of Khyber rice products to KHYBER (UK) LTD" (emphasis added).

97. Although not put down in black and white, the relationship between Barkat Rice and KHYBER LTD appears therefore to be analogous to a commercial cooperation between a foreign manufacturer and a UK distributor.

98. A specific expression of the principle that commercial transaction must be conducted in good faith is manifested in Article 8(3) EUTMR which states that a mark shall not be registered where an agent or representative of the proprietor of the mark applies for registration in his own name without the proprietor's consent, unless the agent or representative justifies his action. Article 60(1)(b) EUTMR allows for a mark to be declared invalid on the ground that the applicant had acted in breach of Article 8(3). In *Mouldpro ApS v EUIPO*, Case T-796/17, the General Court ("GC") summarised the case-law about when a party may be regarded as 'agent' or 'representative' of an opponent or applicant for invalidation. The court stated that:

"21. It is apparent from the wording of Article 60(1)(b) of Regulation 2017/1001 that, for an opposition to succeed on that basis, it is necessary, first, for the opposing party to be the proprietor of the earlier mark; second, for the applicant for the mark to be or to have been the agent or representative of the proprietor of the mark; third, for the application to have been filed in the name of the agent or representative without the proprietor's consent and without there being legitimate reasons to justify the agent's or representative's action; and, fourth, for the application to relate in essence to identical or similar signs and goods. Those conditions are cumulative (judgment of 13 April 2011, *Safariland v*

OHIM — DEF-TEC Defense Technology (FIRST DEFENSE AEROSOL PEPPER PROJECTOR), T-262/09, EU:T:2011:171, paragraph 61).

99. The European Courts have also given the following guidance:

(a) The terms ‘agent’ and ‘representative’ must be interpreted broadly, covering all kinds of relationships based on a contractual agreement where one party represents the interests of the other. It is sufficient that the agreement or commercial cooperation between the parties gives rise to a fiduciary relationship by imposing on the applicant, whether expressly or implicitly, a general duty of trust and loyalty as regards the interests of the proprietor of the earlier mark (*EUIPO v John Mills Ltd & Jerome Alexander Consulting Corp.*, Case C-809/18 P, EU: C:2020:902, paragraph 85);

(b) It does not matter how the contractual relationship between the proprietor or principal, on the one hand, and the applicant for the EU trade mark, on the other, is categorised (*FIRST DEFENSE AEROSOL PEPPER PROJECTOR*, T-262/09, EU:T:2011:171, paragraph 64, and *Moonich Produktkonzepte & Realisierung v OHIM — Thermofilm Australia (HEATSTRIP)*, T-184/12, not published, EU:T:2014:621, paragraph 58);

(c) Nevertheless, some kind of agreement must exist between the parties. A mere purchaser or client of the proprietor cannot be regarded as an ‘agent’ or as a ‘representative’ (*FIRST DEFENSE*, paragraph 64);

(d) The misuse of the mark may occur both where the earlier mark and the mark applied for by the agent or representative are identical, and where the marks at issue are similar (*EUIPO v John Mills Ltd*, paragraphs 70-73);

(e) The protection also extends to cases where the goods and services are only similar and not identical (*EUIPO v John Mills Ltd*, paragraphs 98-99);

(f) The specific protection afforded by Article 8(3) is not to be assessed on the basis of whether the similarity between the marks results in a likelihood of confusion (*EU IPO v John Mills Ltd*, paragraph 92);

(g) The assessment of similarity between the goods and services should take all relevant factors into account, including, in particular, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary (*EU IPO v John Mills Ltd*, paragraph 100 and *The Tea Board v EU IPO*, C-673/15 P to C-676/15 P, EU:C:2017:702, I apply the above principle to the facts of this case.

100. The purpose of Article 8(3) EUTMR is to safeguard the legitimate interests of trade mark owners by granting them the right to prohibit registrations by agents or representatives that have applied for their marks without their consent. The protection granted by the provision relating to bad faith is wider than that, as it is not subject to the conditions imposed by Article 8(3). Nevertheless, the underlying principle, which is an important one, is the same in both cases (i.e. applications filed by an agent/representative and applications filed in bad faith), namely that trade mark owners are entitled to protection against misuse and misappropriation of their marks. These grounds of invalidity are an exception to the legal trade mark regime based on the “first to file” principle.

101. In *Harrison v Teton Valley Trading Co Ltd*²⁷ the Court of Appeal considered the nature and extent of the mental element required for a finding of bad faith and referred (with approval) to the following case:

“29. In *Surene Pty Ltd v Multiple Marketing Ltd* (Case C-4798998/1) (unreported) 25 October 2000 the proprietor, Multiple Marketing, distributed the applicant for revocation’s products under the trade mark BE NATURAL. The Cancellation Division held that the application had been made in bad faith. It said:

²⁷ [2004] EWCA Civ, [2004] 1 WLR 2577

‘10. Bad faith is a narrow legal concept in the CTMR [Community Trade Mark Regulation] system. Bad faith is the opposite of good faith, generally implying or involving, but not limited to, actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive. Conceptually bad faith can be understood as a ‘dishonest intention’. This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the applicant of the CTM at the time of filing.

11. Bad faith can be understood either as unfair practices involving lack of good faith on the part of the applicant towards the office at the time of filing, or unfair practices based on acts infringing a third person’s rights. There is bad faith not only in cases where the applicant intentionally submits wrong or misleading by insufficient information to the office, but also in circumstances where he intends, through registration, to lay his hands on the trade mark of a third party with whom he had contractual or pre-contractual relations.”

30. In the Senso Di Donna’s Trade Mark case C0006716979/1, [2001] ETMR 5, the First Cancellation Division said:

[...]

41. We should, therefore, seek a meaning which is consistent with the meaning given to bad faith in this context by other member states and (more importantly) by the courts of the European Union. The *Surine* and *Senso di Donna* cases, which Sir William Aldous has cited, provide helpful guidance to the meaning of bad faith," (emphasis added)

103. Although there is no evidence of any written agreement between Barkat Rice and KHYBER LTD, I consider that their relationship went beyond that between a buyer and a seller of goods. This is confirmed by the WhatsApp communication between Mr Malik and Mr Ladif which demonstrates that, prior to the relevant date, Mr Malik sought Mr Ladif’s approval to use the KHYBER product packaging sign in relation to the two batches of products imported by KHYBER LTD in the UK. On the face of it, there was a business relationship between the two companies that allowed KHYBER LTD to

access Barkat Rice's packaging designs which, Mr Malik said, were internal confidential documents. It is not important that such relationship was not formalized in a distribution or agent agreement. Further, the fact that Barkat Rice was the proprietor of other marks which are identical or similar to the contested mark, which were registered and being used in Pakistan and elsewhere is another factor which is relevant for the purposes of assessing whether there is bad faith. This is because it shows that KYBER LTD knew that Barkat Rice had an interest in exporting rice under its marks. By registering its version the same mark for services for importing and retailing rice, KYBER LTD acted in a manner that was likely to prevent Barkat Rice from using its version of the same mark in the UK, other than through a distribution agreement with KYBER LTD. The objective behind the registration of the '079 mark was therefore for KYBER LTD to obtain an unfair advantage over the sale of Barkat Rice's products in the UK.

104. Finally, the allegations made (and the evidence filed) by Barkat Rice are such that they should have been met with some comment from KHYBER LTD in evidence. KHYBER LTD filed no evidence in rebuttal of Barkat Rice's claims and evidence. My conclusion is therefore that the facts surrounding KHYBER LTD's application for the registration of the '079 mark point to a strong inference of bad faith. By applying for the contested mark in the full knowledge of Barkat Rice's rights in the mark KHYBER and in the KHYBER product packaging sign for services similar to those in relation to which Barkat Rice has used its marks, and having had contractual or pre-contractual relations with Barkat Rice, KHYBER LTD acted in bad faith.

104. The claim under Section 3(6), and the application for a declaration of invalidity based on it, succeed.

OUTCOME OF BARKAT RICE'S APPLICATION FOR A DECLARATION OF INVALIDITY AGAINST KHYBER LTD'S '079 MARK

105. The application for a declaration of invalidity succeeds. The registration of the KHYBER LTD's '079 mark is declared invalid and is deemed never to have been made.

EFFECTS OF THE DECLARATION OF INVALIDITY OF KHYBER LTD'S '079 MARK ON THE CONSOLIDATED PROCEEDINGS

106. Since KHYBER LTD's '079 mark has been declared invalid, the opposition and invalidation actions launched by KHYBER LTD against Barkat Rice's application no. 3424180 and registration no. 3451504 (both of which rely solely on the '079 mark) fall away.

OVERALL OUTCOME

107. I uphold Barkat Rice's application (no. 503339) to invalidate KHYBER LTD's trade mark no. 3415079. The registration of the trade mark no. 3415079 is declared invalid.

108. I reject KHYBER LTD's opposition (no. 419344) to Barkat Rice's trade mark application no. 3424180. The trade mark no. 3424180 will therefore be registered.

109. I reject KHYBER LTD's application (no. 503153) to invalidate Barkat Rice's trade mark no. 3451504. The trade mark no. 3451504 remains registered in full.

COSTS

110. Barkat Rice having been successful in all the consolidated proceedings, it is entitled to a contribution towards its costs. I bear in mind that the relevant scale is contained in Tribunal Practice Notice 2/2016. I assess this as follows:

Preparing statements and considering KHYBER LTD's statements:	£600
Filing evidence:	£800
Written submissions:	£300
Invalidation official fees:	£200
Total:	£1,900

111. I therefore order KHYBER (U.K) LTD to pay Barkat Rice Mills (Pvt) Ltd the sum of £1,900. This sum to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of any appeal proceedings.

Dated this 10th day of September 2021

T Perks

For the Registrar,

the Comptroller-General