

O/669/21

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF APPLICATION NO. 3427201  
BY BARKAT RICE MILLS (PVT) LTD  
AND IN THE MATTER OF OPPOSITION THERETO  
UNDER NO. 418890  
BY KHYBER (U.K) LTD

AND IN THE MATTER OF APPLICATIONS NOS. 3446318 AND 3451644  
BY KHYBER (U.K) LTD

AND IN THE MATTER OF OPPOSITIONS THERETO  
UNDER NOS. 419872 AND 419997  
BY BARKAT RICE MILLS (PVT) LTD

AND IN THE MATTER OF REGISTRATION NO. 3451505  
IN THE NAME OF BARKAT RICE MILLS (PVT) LTD  
AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO  
UNDER NO. 503160 BY KHYBER (U.K) LTD

AND IN THE MATTER OF REGISTRATION NO. 3419321  
IN THE NAME OF KHYBER (U.K) LTD  
AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO  
UNDER NO. 503294 BY BARKAT RICE MILLS (PVT) LTD

## **BACKGROUND AND PLEADINGS**

1. The five 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. 418890) filed by KHYBER LTD against Barkat Rice’s trade mark application no. 3427201. The opposition is based on KHYBER LTD’s earlier mark no. 3419321;
- II. Two oppositions (nos. 419872 and 419997) filed by Barkat Rice against KHYBER LTD’s trade mark applications nos. 3446318 and 3451644;
- III. An application for invalidation (no. 503160) filed by KHYBER LTD against Barkat Rice’s trade mark registration no. 3451505. The application for invalidity is based on KHYBER LTD’s earlier marks nos. 3419321 and 3446318;
- IV. An application for invalidation (no. 503294) launched by Barkat Rice against KHYBER LTD’s trade mark registration no. 3419321.

2. These proceedings are related to other linked proceedings involving the same parties but different marks (BL-O-659-21). Admittedly, some of the evidence filed in these proceedings is the same as that filed in the linked proceedings. Consequently, this decision reproduces certain parts from the decision issued in respect of the linked proceedings in relation to the same or similar facts.

### **The opposition against Barkat Rice’s trade mark application no. 3427201**

3. On 9 September 2019, Barkat Rice applied to register the following trade mark in the UK under application no. 3427201:



4. The application was published for opposition purposes on 27 September 2019 and registration is sought for the following goods:

**Class 30:** *Basmati rice.*

5. On 23 December 2019, KHYBER LTD opposed the application under Sections 5(1), 5(2)(a) and 5(2)(b) of the Trade Marks Act 1994 (“the Act”). KHYBER LTD relies upon a single UK registration, the pertinent details of which are shown below:

UK TM no. 3419321



Filing date: 06 August 2019

Registration date: 17 July 2020

Relying upon the following goods and services:

**Class 30:** *Basmati rice originating from India and/or Pakistan.*

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

6. KHYBER LTD's mark is an earlier mark in accordance with Section 6 of the Act but because it had not been registered for five years or more at the filing date of the contested mark, it is not subject to the use requirements, as per Section 6A of the Act.

7. 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.

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

**The oppositions against KHYBER LTD's trade mark applications nos. 3446318 and 3451644**

9. KHYBER LTD filed two applications to register the following trade marks in the UK:

**i. Application no. 3446318**

KAALAR SELLA RICE

Filing date: 22 November 2019

Publication date: 20 December 2019

For the following goods and services:

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

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

**ii. Application no. 3451644**

KAALAR

Filing date: 15 December 2019

Publication date: 3 January 2020

For the following services:

**Class 35:** *Import-export agency services and retail services connected with the sale of processed and milled rice.*

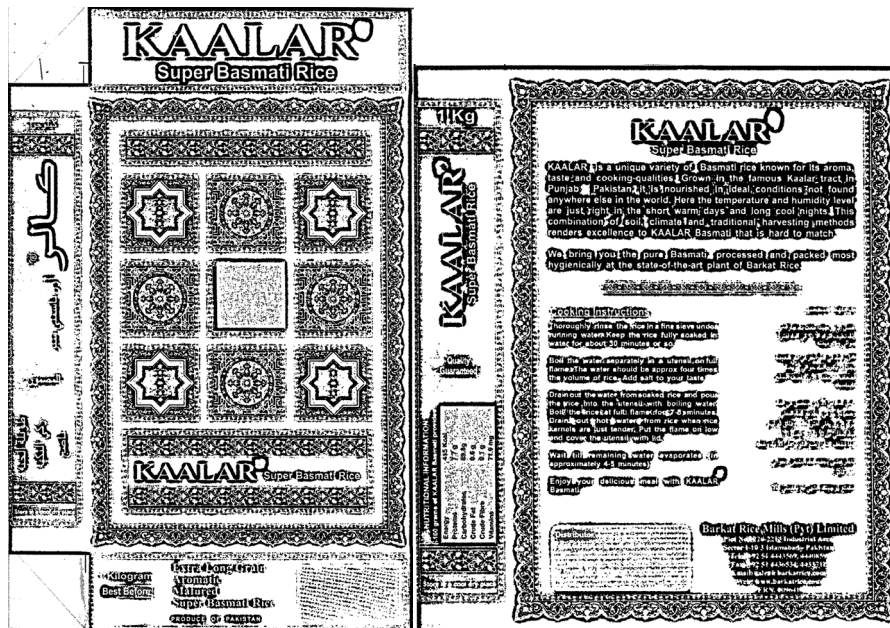
10. Barkat Rice filed respective oppositions to the applications on 19 March 2020 (opposition no. 419872) and 31 March 2020 (opposition no. 419997). Both oppositions are based upon Section 5(4)(a) and 3(6) of the Act; both are directed against all of the goods and services in the respective applications.

11. Under Section 5(4)(a), Barkat Rice relies upon its alleged earlier rights in the following signs:

- Opposition no. 419872  
KAALAR  
KAALAR SELLA  
KAALAR SELA
  
- Opposition no. 419997  
KAALAR

12. Barkat Rice claims that the signs have been used initially in the Cardiff area (via UK distributors based in Cardiff) and later throughout the UK since 2005 in respect of *rice; basmati rice; sale, distribution and promotion of rice*. It also claims that:

- i. Barkat Rice is a company based in Pakistan. It is a major manufacturer and distributor of rice and basmati rice;
- ii. Barkat Rice is the owner of rights in relation to the trade marks KAALAR, KAALAR SELLA and KAALAR SELA. It is also the proprietor in Pakistan of the trade mark shown below which is registered for rice in class 30 (trade mark no. 175964 registered on 28 January 2002 by the Trade Mark Register in Karachi):



- iii. Barkat Rice has sold and distributed rice products in the UK under the KAALAR marks since 2005. This was initially done through Barkat Rice’s appointed distributor, Global Foods Limited, which is based in Cardiff. Global Foods Limited has continued to distribute KAALAR branded products on behalf of the opponent from 2005 to the dates the oppositions were filed. Barkat Rice also sells and distributes rice products under the mark KAALAR through a range of other distributors across the UK;
- iv. Through its consistent sale and distribution of KAALAR rice products, Barkat Rice has developed a substantial goodwill in connection with the KAALAR, KAALAR SELLA and KAALAR SELA marks. Use of the contested marks would constitute a misrepresentation to the public that KHYBER LTD’s goods and services are connected with Barkat Rice’s goodwill which would damage Barkat Rice’s goodwill.

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

- i. Barkat Rice’s main two brands for the sale of basmati rice are KAALAR and KHYBER. Barkat Rice supplied KHYBER LTD with KHYBER SELLA PREMIUM and KHYBER basmati rice products in December 2018 and April 2019. Consequently, KHYBER LTD was fully aware of Barkat Rice’s products by at least December 2018. Despite that knowledge, KHYBER LTD filed two

trade mark applications to register the packaging used by Barkat Rice for its KHYBER (no. 3415679)<sup>1</sup> and KAALAR (no. 3419321) rice products;

- ii. It is clear that by the filing dates of the 3446318 and 3451644 applications, KHYBER LTD had knowledge of the following: a) the existence of Barkat Rice; b) Barkat Rice's KAALAR rice products and their packaging; c) Barkat Rice's history of distribution and sales of rice products under the mark KAALAR in the UK;
- iii. KHYBER LTD filed the 3446318 and 3451644 applications in bad faith in order to: a) disrupt Barkat Rice's business relating to the distribution and sale of rice products under the KAALAR 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 KAALAR marks.

14. KHYBER LTD filed two counterstatements denying the grounds of opposition. It also 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. 3451505**

15. Barkat Rice is the registered proprietor of trade mark no. 3451505, for the mark 'Kaalar'. 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,*

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<sup>1</sup> This mark proceeded to registration on 28 August 2020 and was subject to an application for invalidity filed by Barkat Rice. The invalidity application is part of the linked proceedings mentioned at paragraph 2.

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

16. 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 with KHYBER LTD relying upon two earlier marks. One of earlier mark relied upon by KHYBER LTD is the same earlier 3419321 mark which is relied upon to oppose Barkat Rice's application for the 3427201 mark (see paragraph 5). The other earlier mark is the application no. 3446318 which is opposed by Barkat Rice under opposition no. 419872 (see paragraph 9). KHYBER LTD claims that the marks are similar and the goods and services are identical or similar, resulting in a likelihood of confusion.

17. Both marks relied upon by KHYBER LTD hold filing dates that predate that of Barkat Rice's registration and, by virtue of the earlier filing dates, qualify as earlier marks pursuant to Section 6 of the Act. However, as both earlier marks had not been registered for five years or more at the date on which the application for invalidation was filed, they are not subject to the use requirements, as per Section 47(2A) of the Act.

18. Barkat Rice filed a counterstatement in which it denied the claims made and pointed out that KHYBER LTD's earlier marks were subject to outstanding challenges, that is to say the application to invalidate the 3419321 earlier mark (invalidation no. 503294) and the opposition against the earlier application no. 3446318 (opposition no. 419872).

**The application to invalidate KHYBER LTD's trade mark registration no. 3419321**

19. KHYBER LTD is the registered proprietor of trade mark no. 3419321, for the mark shown at paragraph 5. On 17 August 2020 Barkat Rice applied under Section 47 of the Act to invalidate this mark. The application is based upon Section 5(4)(a), 5(4)(b) and 3(6) of the Act.

20. Under Section 5(4)(a) of the Act, Barkat Rice relies upon the two signs shown below which it claims to have used initially in Cardiff and subsequently throughout the



UK since 2005 in respect of *rice; 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:*

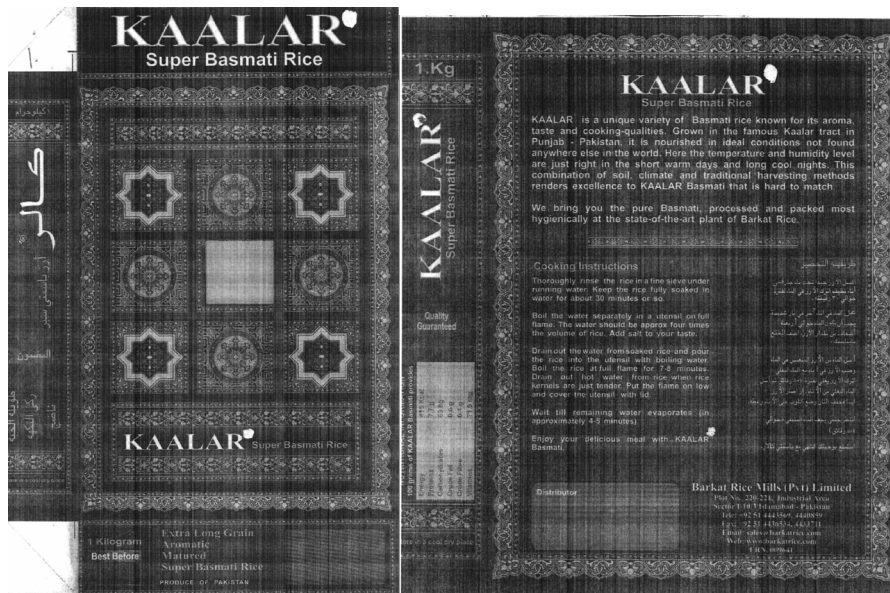
KAALAR

and

KAALAR product packaging:



21. The pleadings under Section 5(4)(a) and 3(6) are based on the same facts set out at paragraphs 11-13, the only difference being that the mark registered in Pakistan is reproduced as follow:



22. Further, Barkat Rice also refers to having sold and distributed rice products in the UK under the KAALAR sign shown above.

23. Under Section 5(4)(b), Barkat Rice claims to be the owner of copyright in relation to the packaging sign for its KAALAR products (i.e. the KAALAR product packaging shown above), which it claims is identical to KHYBER LTD's mark 3419321. Barkat Rice claims that the KAALAR product packaging was developed by Mr Sohail Sultan, a Pakistani national who is a director of Barkat Rice, in 2002 at Barkat Rice's headquarters in Islamabad.

24. 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.

25. 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

26. Barkat Rice's evidence consists of four witness statements from Umer Javid Malik, Sohail Sultan, Sahid Iqbal and Ibrahim Osman.

### *Umer Javid Malik's witness statement*

27. Mr Malik is Barkat Rice's general manager. Some of Mr Malik's evidence relates to another brand owned by Barkat Rice, i.e. KHYBER, which is the subject of the linked proceedings mentioned at paragraph 2. I will refer to that evidence only insofar as it is relevant in these proceedings. Mr Malik's evidence is as follows.

28. 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 exhibits<sup>2</sup> 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.<sup>3</sup> 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.

29. Mr Malik provides the following sales figures that are taken from Barkat Rice's company accounts:<sup>4</sup>

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<sup>2</sup> UJM1

<sup>3</sup> The logo used by UKAS (the national accreditation body) to identify itself.

<sup>4</sup> UJM2-7

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

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

31. 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. Within the KAALAR brand, Barkat Rice produces KAALAR PREMIUM, KAALAR BASMATI SELLA and KAALAR BASMATI steamed rice.

32. Mr Malik states that the brand KAALAR was created in 2001 and that Barkat Rice has used the brand ever since in connection with the sale and marketing of basmati rice products. Mr Malik also refers to the design for the packaging of Barkat Rice's KAALAR products being created by Sohail Sultan in the course of his employment with Barkat Rice, however, Mr Sultan gave his own evidence on the matter, so I need to say no more about this part of Mr Malik's evidence.

33. Copies of webpages from Barkat Rice's website (at [www.barkatrice.com](http://www.barkatrice.com)) as they appeared on various dates between 2012 and 2019 have been provided.<sup>5</sup> The pages, which were retrieved using the Internet archive site known as the WayBack machine, illustrate use of the marks KAALAR, KAALAR PREMIUM and KAALAR BASMATI SELLA as well as use of the KAALAR product packaging in relation to basmati rice

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<sup>5</sup> UJM8

products. Mr Malik also produces other evidence<sup>6</sup> of use of the mark KAALAR in relation to rice products. However, most of this evidence is not pertinent because it is not UK-specific and/or it is undated - the only identifiable date being the printing date of 29 December 2020 that is after any possible relevant date in these proceedings.

34. 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 what is described as an earlier version of the KAALAR packaging<sup>7</sup> shows that the mark was registered on 28 January 2002 in respect of, inter alia, rice in class 30.

35. 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 of all rice products sold in the UK since 2010.<sup>8</sup> According to the summary, between 2010 and 2020, Barkat Rice sold over 1,673,964 (the currency is not stated) worth of rice products in the UK. Some of those sales were made under other brands, however, most of them are recorded and documented as relating to the brand KAALAR. From the summary it is possible to conclude that the (wholesale) value of KAALAR rice products sold by Barkat Rice to UK importers and distributors is as follows: 26,340 (2010), 100,355 (2011), 90,375 (2012), 104,948 (2013), 123,537 (2016), 225,405 (2017), 220,962 (2018) and 287,482 (2019). This amounts to a total of 1,179,404. Although there is an issue as to what is the currency that expresses the above sums, the evidence includes a more detailed breakdown of sale (from 2016 onwards)<sup>9</sup> from which it can be seen that the value of the products sold in the UK is given in USD. Further, in the body of his witness statement, Mr Malik gives the total sales figure in USD as \$1,257,844.<sup>10</sup> The evidence of sales of KAALAR rice products is also corroborated by copies of over 60 invoices<sup>11</sup> issued to several UK importers and distributors between 10 December 2010 and 6 May 2020. Mr Malik says that all

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<sup>6</sup> UJM10-11

<sup>7</sup> UJM13

<sup>8</sup> UJM14

<sup>9</sup> UJM15

<sup>10</sup> It also corresponds to the total figure of \$1,257,844 provided by Mr Malik at paragraph 24 of his witness statement which it is said to include the total sales of KAALAR and KHYBER products. Given that the sales of KHYBER products were only of 78,440, it follows that: 1,257,844 (total value of the sales for KAALAR and KHYBER products) - 78,440 (value of the sale for KHYBER products) = 1,179,404 (value of the sales for KAALAR products).

<sup>11</sup> UJM16

KAALAR products were supplied in the KAALAR product packaging and that Barkat Rice's distributors and those in the supply chain have been responsible for the onward sales of Barkat Rice's products in the UK.

36. 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.

37. Mr Malik then talks about Barkat Rice's dealing with KHYBER LTD which, he says, started around 28 October 2018. Mr Malik supplies copies of email correspondence<sup>12</sup> 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 the purchase of Barkat Rice's products. 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 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 for the sale of KHYBER rice products. Mr Malik also supplies copies of two additional invoices<sup>13</sup> which 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. Whilst this evidence relates specifically to the purchase by KHYBER LTD of KHYBER rice products, Mr Malik points out that the mark KAALAR and the KAALAR product packaging always features in the email footer of each and all the emails sent by Mr Malik to Mr Ladif as shown below:

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<sup>12</sup> UJM17

<sup>13</sup> UJM19-21

Email: [sales@barkatrice.com](mailto:sales@barkatrice.com) | Website: [www.barkatrice.com](http://www.barkatrice.com)

*We Share our Heritage*

From the fertile and rich land of KAALAR  
we bring you pure, hygienic and delectable Basmati  
known for its aroma, elongation and taste.



38. Mr Malik also refers to a further exchange he had with Mr Ladif via WhatsApp<sup>14</sup> on 20 November 2018 in which he asked Mr Ladif if he was content for the KHYBER rice products he had purchased from Barkat Rice to be packed using the KHYBER product packaging. I do not need to refer to this part of the evidence in details, but it suffices to say that Barkat Rice's case in respect of that evidence is that having had confidential access to the KHYBER product packaging through Mr Malik, KHYBER LTD then proceeded to register the same design as a trade mark in the UK in its own name on 19 July 2019.

39. The last piece of evidence provided by Mr Malik is a copy of an exclusive distribution agreement between Barkat Rice and Tayo Trading Ltd for the distribution of KAALAR and KHYBER rice products.<sup>15</sup> The agreement is dated 13 March 2019.

#### *Sohail Sultan's witness statement*

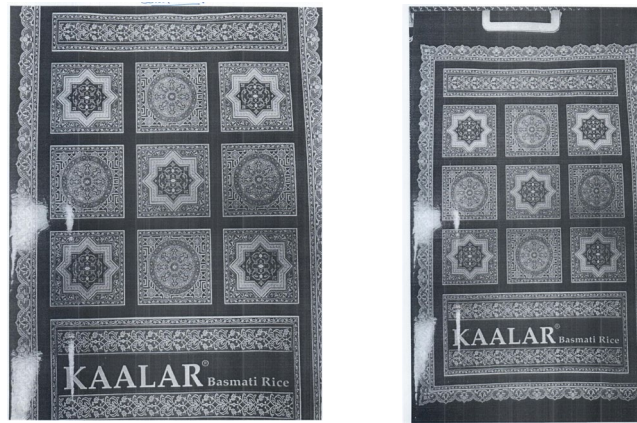
40. Mr Sultan is Barkat Rice's marketing and operation director since 1999. Mr Sultan is an architect by profession and in the course of his duties for Barkat Rice he was responsible for the initial creation of the design for the packaging of KAALAR rice products. Mr Sultan created the first KAALAR design (shown below)<sup>16</sup> in 2001; this has been used by Barkat Rice from 2001 to 2009:

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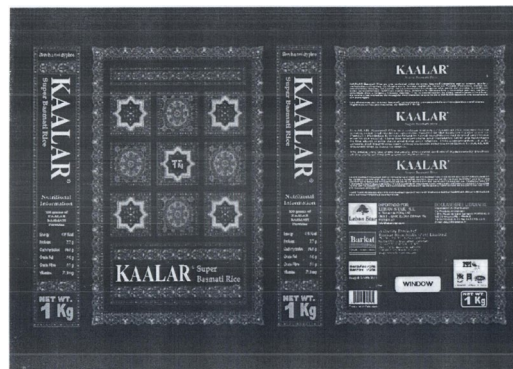
<sup>14</sup> UJM18

<sup>15</sup> UJM22

<sup>16</sup> SS1



41. In 2003-2004 Mr Sultan developed variations of the original design, an example of which is reproduced below:<sup>17</sup>



42. A further design was developed in 2009<sup>18</sup>, as shown below. It formed the basis for designs used from 2009 onwards:



<sup>17</sup> SS2

<sup>18</sup> SS3



43. Mr Sultan 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]”.*

Shahid Iqbal’s witness statement

44. Mr Iqbal is the Finance Director of Global Foods Limited. He explains that Global Foods Limited began importing basmati rice from Barkat Rice in 2006, although the earliest evidence that he was able to find about his company’s sale and distribution of Barkat Rice’s KAALAR products is a price list<sup>19</sup> headed “Ramazan Special Offer” which is undated but, it is said, was created in 2009. The price list includes goods described as “KAALAR basmati rice” sold in bags of 5kg, 10kg and 20kg. Mr Iqbal says that the price list was sent to his company’s customers (who are said to be wholesalers, restaurants and caterers) throughout South Wales. Attached to Mr Iqbal’s witness statement are the following:

- Copies of webpages from Global Foods Limited’s website as they appeared between 28 November 2016 and 20 July 2019 accessed by the WayBack machine.<sup>20</sup> They show that Global Foods Limited offered KAALAR rice products for sale on its website during that period. Only one page from 20 July 2019 and pages printed on 8 December 2020<sup>21</sup> show images of KAALAR packaged products (as shown below), however, Mr Iqbal confirms that the website displayed the same images at all relevant times:

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<sup>19</sup> SI1

<sup>20</sup> SI2

<sup>21</sup> SI3



- Copies of promotional material from 2016 and 2017.<sup>22</sup> They confirm that Global Foods Limited offered KAALAR SUPER BASMATI RICE and KAALAR BASMATI SELLA RICE products for sale, as shown below:



- Samples of 10 customer invoices dated between 13 January 2013 and 9 September 2020 evidencing sales by Global Foods Limited of KAALAR rice products to UK customers. Only one customer is based England (i.e. Swindon) with the others being based in Wales;<sup>23</sup>
- Samples of 6 invoices dated between 20 July 2018 and 13 April 2020 regarding the purchase by Global Foods Limited of KAALAR rice products from Barkat Rice (together with importation documents);<sup>24</sup>
- Images of KAALAR packaged rice which it is said was stored in Global Foods Limited's warehouse and would be distributed and sold to the company's

<sup>22</sup> SI4-SI5

<sup>23</sup> SI6

<sup>24</sup> SI7

customers.<sup>25</sup> Mr Iqbal points out that the packages make clear that the products are supplied by Barkat Rice as shown below:



45. Finally, Mr Iqbal states:

*“I believe it follows that anyone would understand that the right in those products would be owned by [Barkat Rice]. It has always been my belief that the sale of [Barkat Rice]’s products in the UK is ultimately for the benefit of [Barkat Rice]. If the Company has any such benefits or rights, including any rights in goodwill, I hereby confirm the Company stands ready to assign those rights to Barkat Rice immediately upon request”:*

*Witness statement of Ibrahim Omar Osman*

46. Mr Osman is the managing director of Tayo Trading Ltd. Mr Osman’s evidence confirms that on 13 March 2019 he signed an agreement with Barkat Rice on behalf of his company by virtue of which his company was appointed as the sole and exclusive distributor of KAALAR and KHYBER products in the UK. Mr Osman provides a summary of the rice products supplied to his company by Barkat Rice from March to December 2019 supported by copies of invoices which are for the following amounts:<sup>26</sup> USD29,520.00 (1 March 2019); USD22,458.00 (19 March 2019); USD28,945.20 (19

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<sup>25</sup> S118

<sup>26</sup> IO2

March 2019); USD23,400 (16 October 2019); USD 26,400 (11 November 2019); USD24,977.24 (23 December 2019); USD27,120 (25 February 2020); USD28,583 (25 February 2020); USD29,450 (5 May 2020)

47. Mr Osman expresses his opinion that he believes that *“it is entirely obvious to anyone that these products originate from [Barkat Rice] and that all rights in those products are owned by [Barkat Rice]”* and that *“it would certainly be obvious to any importer, distributor or reseller that the products originate from Barkat Rice”*. He also states *“it has always been my belief that the sales of [Barkat Rice]’s products in the UK is ultimately for the benefit of [Barkat Rice]. If the [Tayo Trading Ltd] has any such benefit or rights, including any rights in goodwill, I hereby confirm [Tayo Trading Ltd] stands ready to assign those rights to [Barkat Rice] immediately upon request”*.

48. Mr Osman provides samples of invoices<sup>27</sup> dated between 15 May 2019 and 17 November 2020 evidencing the sales of, inter alia, KAALAR rice products from Tayo Trading Ltd to customers in the UK, including customers based in Cardiff, Birmingham, Manchester, Sheffield, Leicester and London.

49. Mr Osman further explains that he became aware of KHYBER LTD around the same time when his company was appointed as the exclusive distributor of Barkat Rice’s products and then, having noticed that KHYBER LTD started applying to register Barkat Rice’s brands in its own name, it considered these actions to be illegitimate. Mr Osman also states that on 27 August 2019 and 9 September 2019 he himself applied to register the packaging used for the KAALAR and KHYBER products under trade mark applications nos. 3427201 and 3424180 (respectively) in order to protect Tayo Trading Ltd’s position as the exclusive distributor of Barkat Rice’s KAALAR and KHYBER products, however, having appreciated that it was for Barkat Rice to protect its interest in the UK, he transferred the applications to Barkat Rice.

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<sup>27</sup> IO7

KHYBER LTD's response to Barkat Rice's evidence

50. 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 file evidence.

51. The only comments KHYBER LTD made as regards Barkat Rice's evidence 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 KAALAR logo (packaging) mark, prior to the relevant date of 6 August 2019. 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 earlier 3419321 mark

52. Given the consequences of this invalidation for the opposition no. 418890 and the application for invalidity no. 503160, it is here that I should begin my assessment.

53. Barkat Rice's application to invalidate KHYBER LTD's earlier 3419321 mark is based on three different grounds, namely Sections 5(4)(a), 5(4)(b) and 3(6) of the Act.

54. 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)**

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

56. 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.”

57. 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).”

58. Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation 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 feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot



be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court 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 plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(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 confusion or 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.”

### *The Relevant Date*

59. The date for assessing a passing off claim in invalidation proceedings is typically the date the registration, the subject of the invalidation action, was applied for, in this case 6 August 2019. KHYBER LTD has not filed any evidence, so there is no evidence supporting an earlier relevant date.<sup>28</sup>

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<sup>28</sup> *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

## Goodwill

60. 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.”

### *The ownership of the goodwill generated by the sale of KAALAR rice products imported in the UK*

61. There is a key point to consider in this case, namely that Barkat Rice is a foreign manufacture and that both Global Foods Limited and Tayo Trading Ltd acted as importers and distributors of Barkat Rice's products in the UK. There is no evidence of any written agreement which regulated the parties' rights regarding the ownership of the goodwill generated by the re-sale of KAALAR rice products to UK customers. It is convenient to deal with this point as a preliminary finding.

62. *Wadlow on the Law of Passing Off* 6<sup>th</sup> 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)]”.

63. Further, in *MedGen Inc v Passion for Life*,<sup>29</sup> 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

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<sup>29</sup> [2001] FSR 30

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.

[...]

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:

“... 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 [...]

64. In *Dental Manufacturing Company, Limited v C. de Trey & Co.*,<sup>30</sup> it was observed:

“There is nothing in the facts of this case which associates these particular spittoons with the name and business of De Trey & Co. It is quite true that for some years the fact that De Trey & Co. were the exclusive wholesale agents for the sale of these goods in Great Britain did give them an effective exclusive right, because the goods originated with Clark, and, if he kept his contract for exclusive agency with the defendants, it was impossible during that period that any one else could sell them in England except through De Trey & Co. Under those circumstances it is perfectly true that De Trey & Co. did practically have the exclusive wholesale agency for the sale of these spittoons. But, as I have said, that fact alone could not form a sufficient basis for the counter-claim for passing off. I need not say any more upon the subject. I decide this case upon the simple ground, so far as I am concerned, that there is nothing in the “get-up” of these goods to identify them with De Trey & Co., and they are goods which can, at all events now, be sold, and are sold, without exposing the people who sell them in England to any action by De Trey & Co.”

65. Although the latter is an old case, it is still relevant insofar as it (indirectly) confirms following propositions of law which also emerge from more recent cases and guidance, that is to say: 1) a foreign manufacturer can acquire goodwill in the UK; 2) the ownership of the goodwill vests *prima facie* in the manufacturer who affixes the mark on the products it exports; 3) the presumption of goodwill in favour of the manufacturer may be dispelled in circumstances where, for example, the importer/distributor changes the get-up and uses its own packaging/label so as to convey an association between the distributor/importer and the mark affixed on the product, and the name of the manufacturer is not shown on the product or the packaging or otherwise known to the customers.

66. There is no dispute between Barkat Rice and its distributors/importers about the proprietorship of the goodwill generated by the re-sale of KAALAR products to UK consumers. As it will be recalled, Mr Iqbal from Global Foods Limited and Mr Osman

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<sup>30</sup> [1912] 3 K.B. 76

from Trayo Trading Ltd gave evidence that they imported and re-sold Barkat Rice's KAALAR products in the UK on the understanding that the mere importation and re-sale of such goods would not give rise to any right in the ownership of the brand (and its goodwill) and that Barkat Rice is the rightful owner of any goodwill generated in the UK. It could therefore be said that *prima facie* the goodwill in the mark KAALAR vests in Barkat Rice or that there was an agreement (tacit or otherwise) that the goodwill belongs to Barkat Rice.

67. But, even if neither of the circumstances (i.e. presumption or agreement) are applicable, Barkat Rice's KAALAR products have been distributed through more than one importer and have been re-sold in the UK in the original packaging which carries Barkat Rice's name alone. On the facts, I am satisfied that customers of KAALAR rice products would identify Barkat Rice as the only source of the goods, and that the goodwill associated with the brand KAALAR in the UK belongs to Barkat Rice.

*Is the goodwill more than trivial?*

68. According to the evidence, by the end of 2019 Barkat Rice sold a total of USD1,179,404 of KAALAR rice products to UK importers. Admittedly, Global Foods Limited and Tayo Trading Ltd confirmed that they re-sold the KAALAR branded rice in Barkat Rice's packaging. As regards the position in relation to the other importers, Mr Malik stated that the goods were always supplied in Barkat Rice's packaging and that it was Barkat Rice's usual process to seek the distributor's approval of the packaging before the goods were manufactured and shipped; this points to the conclusion that the goods were re-sold in the same conditions as they were imported. However, given the absence of evidence as to what the other importers did with the goods (which means that it is not clear whether, when, how and to whom the goods were sold in the UK), I will limit my considerations to the sales made to Global Foods Limited and Tayo Trading Ltd. This is because there is clear evidence from these two distributors that they re-sold the KAALAR branded goods to UK traders, including wholesalers, restaurants and caterers, prior to the relevant date and that the goods were re-sold in the KAALAR product packaging.

69. Admittedly, Barkat Rice provides a total breakdown of UK sales<sup>31</sup> for all KAALAR products from 2016. In addition to this, the evidence contains samples of invoices<sup>32</sup> dating back to 2010. On the basis of this evidence, I am satisfied that by the relevant date Global Foods Limited and Tayo Trading Ltd imported and re-sold the following amounts of KAALAR rice products in the UK: USD30,045 (15 March 2018);<sup>33</sup> USD31,402.50 (3 July 2018);<sup>34</sup> USD28,400.80 (4 October 2018);<sup>35</sup> USD29,520 (1 March 2019);<sup>36</sup> USD27,581.70 (1 March 2019);<sup>37</sup> USD22,458.00 (19 March 2019);<sup>38</sup> USD28,945.20 (19 March 2019)<sup>39</sup> and USD24,682.60 (13 July 2019)<sup>40</sup> totalling USD223,035.80 which equates to approximately £174,748.54.<sup>41</sup>

70. Goodwill must be of more than trivial in extent. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not

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<sup>31</sup> UJM15

<sup>32</sup> UJM16

<sup>33</sup> Invoice no. 4832 UJM16 not listed in the summary at UJM15

<sup>34</sup> Invoice no. 4898

<sup>35</sup> Invoice no. 4961

<sup>36</sup> Invoice no. 5037

<sup>37</sup> Invoice no. 5052 UJM16 not listed in the summary at UJM15

<sup>38</sup> Invoice no. 5057 UJM16 listed in the summary at UJM15 as USD10,480 and 16,655.24

<sup>39</sup> Invoice no. 5058

<sup>40</sup> Invoice no. 6072

<sup>41</sup> At the average exchange rate for 2019



acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

71. In *Smart Planet Technologies, Inc. v Rajinda Sharm* [BL O/304/20], Mr Thomas Mitcheson QC, as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, paragraph 52, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd* [1980] R.P.C. 31. After reviewing these authorities Mr Mitcheson concluded that:

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

72. After reviewing the evidence relied on to establish the existence of a protectable goodwill Mr Mitcheson found as follows:

“The evidence before the Hearing Officer to support a finding of goodwill for Party A prior to 28 January 2018 amounted to 10 invoices issued by Cup Print in Ireland to two customers in the UK. They were exhibited to Mr Lorenzi’s witness statement as exhibit WL-10. The customers were Broderick Group Limited and Vaio Pak.

37. The invoices to Broderick Group Limited dated prior to 28 January 2018 totalled €939 and those to Vaio Pak €2291 for something approaching 40,000 paper cups in total. The invoices referred to the size of “reCUP” ordered in each case. Mr Lorenzi explained that Broderick Group Limited supply coffee vending machines in the UK. Some of the invoices suggested that the cups were further branded for onward customers e.g. Luca’s Kitchen and Bakery.

38. Mr Rousseau urged me not to dismiss the sales figures as low just because the product was cheap. I have not done so, but I must also bear in mind the

size of the market as a whole and the likely impact upon it of selling 40,000 cups. Mr Lorenzi explained elsewhere in his statement that the UK market was some 2.5 billion paper coffee cups per year. That indicates what a tiny proportion of the market the reCUP had achieved by the relevant date.

39. Further, no evidence was adduced from Cup Print to explain how the business in the UK had been won. Mr Rousseau submitted to me that the average consumer in this case was the branded cup supplier company, such as Vaio Pak or Broderick Group. No evidence was adduced from either of those companies or from any other company in their position to explain what goodwill could be attributed to the word reCUP as a result of the activities and sales of Cup Print or Party A prior to 28 January 2018.

40. Various articles from Packaging News in the period 2015-2017 had been exhibited but again no attempt had been made to assess their impact on the average consumer and these all pre-dated the acquisition of the goodwill in the UK. I appreciate that the Registry is meant to be a less formal jurisdiction than, say, the Chancery Division in terms of evidence, but the evidence submitted in this case by Party A as to activities prior to 28 January 2018 fell well short of what I consider would have been necessary to establish sufficient goodwill to maintain a claim of passing off.

41. This conclusion is fortified by the submissions of Party B relating to the distinctiveness of the sign in issue. Recup obviously alludes to a recycled, reusable or recyclable cup, and Party B adduced evidence that other entities around the world had sought to register it for similar goods around the same time. The element of descriptiveness in the sign sought to be used means that it will take longer to carry out sufficient trade with customers to establish sufficient goodwill in that sign so as to make it distinctive of Party A's goods."

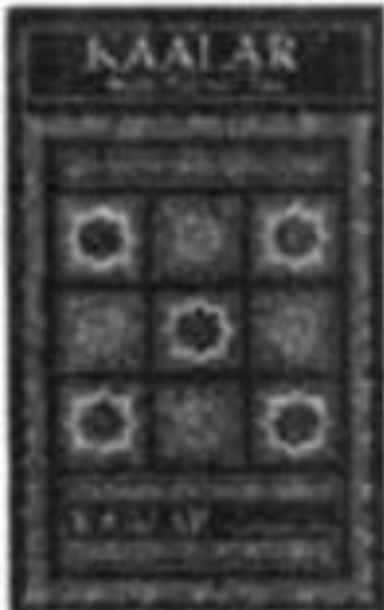
73. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its goodwill and reputation may be small. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, the Court of Appeal in England and Wales

held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products since 2007. The goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small, of the order of £2,000 per quarter from early 2008 to September 2009, rising to £10,000 per quarter by September 2010. The vast majority of these sales were to the trade, including salons, clinics and a market. As at the relevant date (October 2010) the Claimant had sold to 37 outlets and by that date it was still selling to 25 outlets. There was evidence of repeat purchases. Although the number of customers was small, or, as the judge at first instance put it, "*very limited*", the claimant's goodwill was found to be sufficient to entitle it to restrain the defendant's trade under LUMOS.

74. Applying the above principles to the case at issue and taking into account the nature of the goods and their price per unit, I am satisfied that Barkat Rice had acquired sufficient goodwill at the relevant date. I am also satisfied that the goodwill was associated with the brand name KAALAR and that it covered at least *rice*. As regards Barkat Rice's claim that the goodwill was also associated with the product packaging, the packaging in relation to which use (and goodwill) is claimed is:



75. Mr Sultan gave evidence that the above packaging was developed in 2009 and has been used since that time, so I shall refer to this packaging as the "KAALAR 2009 packaging". This evidence has not been challenged. Whilst it is clear that Barkat Rice has also used variations of the same packaging after 2009, for example, the promotional material from Global Food Limited from 2016-2017 shows the following packaging:



the evidence also includes examples of the KAALAR 2009 packaging being used on Global Food Limited's website prior to the relevant date.<sup>42</sup> Accordingly, I am satisfied that Barkat Rice's goodwill was also associated with the KAALAR 2009 packaging.

### **Misrepresentation**

76. 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]”

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<sup>42</sup> SI2 page 303

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.”

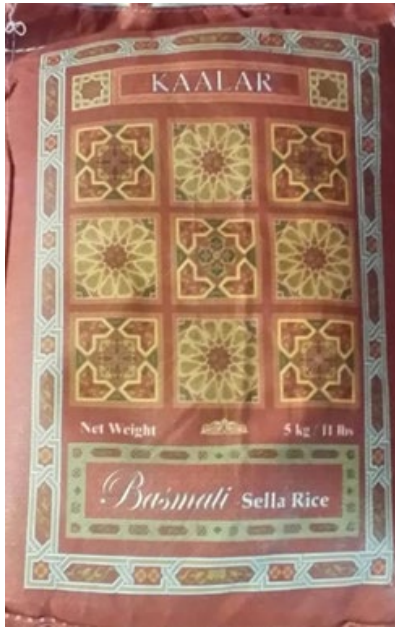
77. And later in the same judgment:

“... 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.”

78. Further, as Barkat Rice sold its goods to UK importers, I bear in mind that end consumers also count even if they do not purchase the goods directly. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, Lord Justice Lloyd stated that:

“...it seems to me that the customers for the Claimant's products, upon whom any misrepresentation might have an adverse effect, must be both the direct purchasers, by way of trade (whether the salons and clinics or retail outlets such as Kensington Wholefoods), and also the end users, whether these pay for the use of the product by way of a treatment at a salon or clinic or whether they also buy supplies themselves, and if so whether from a salon or clinic, from a retail outlet or via the internet. In practice, the end users are more likely to be misled by a misrepresentation, because the trade purchasers will know more about the market and about the Claimant and its product range”.

79. KHYBER LTD's mark and Barkat Rice's product packaging are reproduced below:



(KHYBER LTD's mark)



(the KAALAR 2009 packaging)

80. As it can be seen, KHYBER LTD's mark incorporates Barkat Rice's brand KAALAR. It is also identical to the 2009 KAALAR packaging, which incorporates the name KAALAR. When taken together with Barkat Rice's goodwill, this is sufficient to cause a substantial number of Barkat Rice's customers or potential customers (be they either traders or end consumers of rice) to be misled into purchasing KHYBER LTD's goods or services in the belief that they are Barkat Rice's. Consequently, I find that use of KHYBER LTD's mark at the relevant date would have constituted a misrepresentation to the public.

### Damage

81. Given the potential overlap in the parties' fields of activity, the misrepresentation is liable to cause damage to Barkat Rice's business through diversion of sales. Additionally, or alternatively, the misrepresentation is liable to damage Barkat Rice's goodwill through loss of control of its reputation, which is an established head of damage under passing off law. As Warrington L.J. stated in *Ewing v Buttercup Margarine Company, Limited*:

"To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the

kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

82. On that basis, I conclude that use of KHYBER LTD’s mark at the relevant date would have been contrary to the law of passing off.

83. The passing off claim, and the application for a declaration of invalidity based on it, is therefore successful.

### **Section 5(4)(b)**

84. 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”.

85. 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”*.

86. 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”*.

87. 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 KAALAR 2009 packaging qualify for copyright protection in the UK?

88. The first issue I need to address is whether the KAALAR 2009 packaging is original artistic work within the meaning of CDPA 4(1) and qualifies for copyright protection.

89. 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 KAALAR 2009 packaging during the course of his employment with Barkat Rice.

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

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

91. 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 KAALAR 2009 packaging qualifies for copyright protection (which is what I understand is denied), KHYBER LTD does not specifically deny that Barkat Rice is the owner.

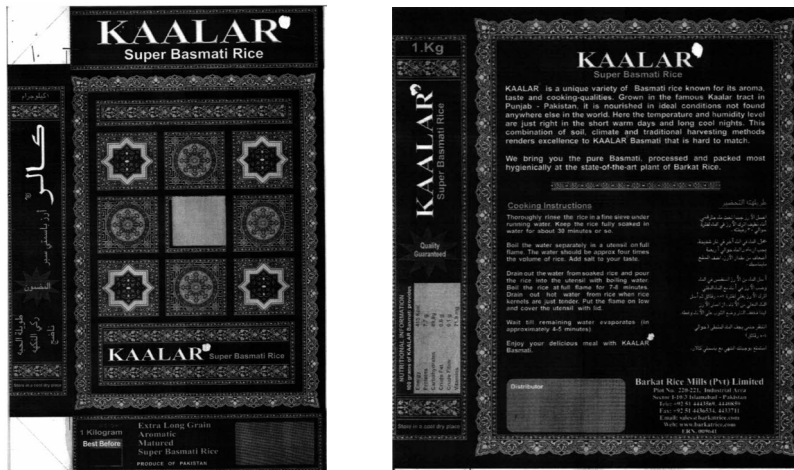
92. Although Mr Sultan did not explain what he did in creating the KAALAR 2009 packaging, there is nothing to suggest that it is not the product of independent labour or skill. The sign is reproduced below:



93. Mr Sultan also explained that the KAALAR 2009 packaging is a variation of previous packaging designs and that the first design, which is reproduced below, was created in 2001:



94. In addition, Mr Malik filed evidence that another variation of the KAALAR packaging was registered as a trade mark in Pakistan in 2002:



95. Admittedly, the KAALAR 2009 packaging incorporates a specific drawing of patterns and geometric shapes and, as such, 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 KAALAR in itself nor the words Basmati Sella Rice are protected by copyright law, the selection and arrangement of the graphic elements displayed on the front of the packaging, including their shape, colour contrast, position and proportion, is creative enough in its own right to merit copyright protection. I am satisfied that the KAALAR 2009 packaging sign is original.

96. Mr Sultan claims that he created the packaging in 2009. 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

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

98. 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.

99. Mr Sultan claims that he created the KAALAR 2009 packaging 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.

100. 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 KAALAR 2009 packaging under Section 11 of the CDPA.

101. 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).

102. 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 3419321 mark was derived from Barkat Rice's copyright work and reproduces a substantial part of Barkat Rice's copyright work.*

103. The last issue I need to resolve is whether there was copying.

104. The two signs are reproduced below:



(KHYBER LTD's 3419321)



(the KAALAR 2009 packaging)

105. 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.”

106. 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.

107. In *Designers Guild Ltd v Russell Williams (Textile) Ltd*,<sup>43</sup> Lord Hoffman said:

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<sup>43</sup> [2001] FSR11

“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 quality rather than its quantity. It depends upon its importance to the defendant’s 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.”

108. As it can be seen, KHYBER LTD’s 3419321 mark is identical to the copyright work (although one is in colour and one is in black and white). Hence, it is a copy of a “substantial part” of Barkat’s Rice artistic work protected by copyright.

109. Admittedly, KHYBER LTD only purchased rice from Barkat Rice under the brand KHYBER. However, it must have known that KAALAR was another brand owned by Barkat Rice when it applied to register the 3419321 mark on 6 August 2019. Dealing with this aspect of the case, Mr Malik gave evidence that in the course of his dealing with Barkat Rice, Mr Ladif - who is the mind behind KHYBER LTD (see the email of 28 October 2018 in which Mr Ladif stated “this is my new company”) - received a

number of emails all of which featured both the brand KAALAR and the KAALAR 2009 packaging in the footer, as shown below:



110. This occurred around October-November 2018, prior to the filing date of the 3419321 mark. But, even without that evidence, it cannot be a coincidence that KHYBER LTD applied to register the packaging used by Barkat Rice for its two main brands of rice, namely KAALAR and KHYBER, in respect of identical goods and similar services, namely for rice and services related to the importation and sale of rice. A coincidence of that kind is simply not possible.

111. 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.

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

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

113. 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.”

114. 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:

115. 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].[...]

116. 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?

117. 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.”

118. 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 contested mark constituted an act of bad faith.

119. 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*”<sup>44</sup> and that

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<sup>44</sup> Submission in lieu

*“the evidence does not demonstrate [...] any behaviour on the part of [KHYBER LTD] that would support the claim under Section 3(6)”.*<sup>45</sup> It also stated that: *“Barkat Rice is 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 KAALAR marks”*<sup>46</sup>. These are literally the only comments made by KHYBER LTD in response to Barkat Rice’s evidence and allegations.

120. 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.

121. 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 dates 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 KHYBER to argue that the mark was filed in good faith.

122. 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*

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<sup>45</sup> Email of 24 May 2021

<sup>46</sup> Submissions in lieu

*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 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).*

123. 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.

124. 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).

125. 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.

126. 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.

127. In *Harrison v Teton Valley Trading Co Ltd*<sup>47</sup> 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:

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<sup>47</sup> [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)

128. 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 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 formalised in a distribution or agent agreement. Further, the fact that Barkat Rice was the proprietor of other marks, including the KAALAR marks and the KAALAR 2009 packaging, which are similar or identical to the 3419321 mark (and which were 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 KHYBER LTD knew that Barkat Rice had an interest in exporting rice under its marks. By registering its version of the KAALAR 2009 packaging as a trade mark for basmati rice originating from India and/or Pakistan and for services for importing and retailing rice, KHYBER LTD acted in a manner that was likely to prevent Barkat Rice from using its version of the same packaging in the UK, other than through a distribution agreement with KHYBER LTD. The objective behind the registration of the 3419321 mark was therefore for KHYBER LTD to obtain an unfair advantage over the sale of Barkat Rice's products in the UK.

129. Looking at the evidence in the round, my conclusion is that by applying for the 3419321 mark in the full knowledge of Barkat Rice's rights in the mark KAALAR and in the KAALAR 2009 packaging for goods and services identical or similar to those in relation to which Barkat Rice has used the marks, and having had contractual or pre-contractual relations with Barkat Rice, KHYBER LTD acted in bad faith. The fact that KHYBER LTD only purchased KHYBER branded rice (and not KAALAR branded rice) from Barkat Rice makes no difference in the full scheme of this case and it is not material to the overall evaluation of KHYBER LTD's actions.

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

### **OUTCOME OF THE APPLICATION NO. 503294 FOR A DECLARATION OF INVALIDITY OF KHYBER LTD'S 3419321 MARK**

131. The application for invalidation succeeds and KHYBER LTD's 3419321 mark is deemed never to have been made.



## **EFFECTS OF THE INVALIDATION OF KHYBER LTD'S 3419321 MARK ON THE OPPOSITION NO. 418890**

132. Since KHYBER LTD's 3419321 mark has been invalidated, the opposition filed by KHYBER LTD against Barkat Rice's application no. 3427201 (which relies solely on the 3419321 mark) falls away.

## **APPLICATION OF THE FINDINGS MADE IN RELATION TO THE DECLARATION OF INVALIDITY OF KHYBER LTD'S 3419321 MARK TO THE TWO OPPOSITIONS (NOS. 419872 AND 419997) FILED BY BARKAT RICE AGAINST KHYBER LTD'S TRADE MARK APPLICATIONS NOS. 3446318 AND 3451644.**

133. Earlier in this decision, I have given extended reasons for the findings that Barkat Rice's application to invalidate KHYBER LTD's 3419321 mark succeeded under Sections 5(4)(a) and 3(6) of the Act. The oppositions filed by Barkat Rice against KHYBER LTD's applications nos. 3446318 and 3451644 are based on the same grounds and facts. The relevant dates in the application to invalidate KHYBER LTD's 3419321 mark is 6 August 2019. The relevant dates in the oppositions nos. 419872 and 419997 are 22 November 2019 and 15 December 2019 respectively; nothing would have changed between 6 August 2019 and 15 December 2019, aside from the fact that some more sales could have been included in the total sales achieved by Global Foods Limited and Tayo Trading Ltd by the relevant dates. This, if anything, would have made Barkat Rice's position even stronger.

134. As regards the similarity between the marks, the mark KAALAR (application no. 3451644) is obviously identical to Barkat Rice's brand KAALAR and applied for goods and services which are identical or similar to those in relation to which Barkat Rice's had a protectable goodwill at the relevant date. As regards the mark KAALAR SELLA RICE (application no. 3446318), the word SELLA is part of the KAALAR 2009 packaging, so I find that it is part of the sign to which Barkat Rice's goodwill attaches. On that basis, I extend the same findings I made in the application to invalidate KHYBER LTD's 3419321 to the oppositions nos. 419872 and 419997. The oppositions succeed under both Sections 5(4)(a) and 3(6) of the Act and the marks 3446318 and 3451644 are refused.

**EFFECTS OF THE INVALIDATION OF KHYBER LTD'S 3419321 MARK AND OF THE OUTCOME OF THE OPPOSITIONS NOS. 419872 AND 419997 ON KHYBER LTD'S APPLICATION (NO. 503160) TO INVALIDATE BARKAT RICE'S TRADE MARK REGISTRATION NO. 3451505.**

135. Since KHYBER LTD's application (no. 503160) to invalidate Barkat Rice's trade mark registration no. 3451505 is based on Section 5(2)(b) only and since KHYBER LTD relies only the earlier registered 3419321 mark (which has been invalidated) and pending application no. 3446318 (which has been refused), the application falls away for wanting of a valid earlier trade mark.

**OVERALL OUTCOME**

- The application for invalidation no. 503294 has been successful. KHYBER LTD's trade mark registration no. 3419321 is deemed never to have been made;
- The opposition no. 418890 has failed. Barkat Rice's trade mark no. 3427201 will proceed to registration;
- The oppositions nos. 419872 and 419997 have been successful. KHYBER LTD's trade mark applications nos. 3446318 and 3451644 will be refused;
- The application for invalidation no. 503160 has failed. Barkat Rice's trade mark registration no. 3451505 will remain on the register.

**COSTS**

136. 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:	£1,000
Filing evidence:	£900
Written submissions:	£300

Official fees:	£600
Total:	£2,800

137. I therefore order KHYBER (U.K) LTD to pay Barkat Rice Mills (Pvt) Ltd the sum of £2,800. 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 14<sup>th</sup> day of September 2021

T Perks  
For the Registrar,  
the Comptroller-General