

O/0329/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

AND IN THE MATTER OF
UK TRADE MARK APPLICATION NO. 3529485
IN THE NAME OF UNITED SIKHS

FOR THE TRADE MARK

UNITED SIKHS

IN CLASSES 35, 36, 41, 42, 43, 44 AND 45

AND IN THE MATTER OF OPPOSITION THERETO BY
THE BOARD OF TRUSTEES OF UNITED SIKHS, A UK CHARITY NUMBER 1112055

ON APPEAL FROM THE DECISION OF ROSIE LE BRETON ON BEHALF OF THE
REGISTRAR OF TRADE MARKS DATED 7 OCTOBER 2022

DECISION OF THE APPOINTED PERSON

Introduction

1. This is an Appeal from a decision of Rosie Le Breton, Hearing Officer, upholding the Opposition brought by the Board of Trustees of United Sikhs, UK Charity No. 1112055, against the application to register the trade mark UNITED SIKHS ('the Trade Mark') made by a charity of the same name based in the United States. To minimise confusion I shall refer to these charities where necessary as 'United Sikhs UK' and 'United Sikhs USA' respectively, though neither of them carries on its affairs under those actual names. I shall also refer to them as 'the Opponent' and 'the Applicant' respectively.

2. The subject matter of the Trade Mark covers a wide range of charitable endeavours from promoting humanitarian relief campaigns to the provision of medical and lobbying services. It was opposed under s5(4)(a) of the Trade Marks Act 1994 (alleging that the use of the trade mark in the United Kingdom by United Sikhs USA would amount to passing off) and under s3(6) (the application was made in bad faith). The Opponent succeeded under both grounds.

3. The decision of the Hearing Officer deals with the history of the relationship between the Applicant and the Opponent in some detail, a significant amount of evidence having been filed on both sides. There was little or no dispute before me that the Hearing Officer's account was correct. I can summarise the position as I understand it as follows:
 - (i) The Applicant was founded as a humanitarian, aid and advocacy group in 1999 in New York (though at that time it operated under the name United Sikhs in Service of America).
 - (ii) The Applicant helped set up a number of what it called 'chapters' in other countries in the succeeding years. These included Australia, Belgium, India and France.
 - (iii) The Opponent was set up in 2002 by or with the assistance of the Applicant as the UK 'chapter' of this rapidly growing international grouping of 'United Sikhs' charitable or NGO organisations.
 - (iv) There have never been any contractual or constitutional structures binding the local 'chapters' to the Applicant. Each local chapter, including the Applicant, has organised its own fundraising and decided how to spend its own money. Each also has its own constitution and legal personality.
 - (v) United Sikhs UK is a registered charity in the United Kingdom under the name UNITED SIKHS.

- (vi) The various international chapters do share a common website (www.unitedsikhs.org) which is funded and largely run by the Applicant. They also have some common social media presence. This gives the perception of an international grouping or umbrella organisation under which the local chapters operate.
 - (vii) Until 2019 all charitable or humanitarian activity under the United Sikhs name in the UK was organised and controlled by the Opponent. This included both local activity and the raising of funds for the support of disaster relief and the like abroad. However, from around December 2019, exacerbated by conflicts of personalities between various individuals, it seems that the Applicant started to operate in the United Kingdom through their own 'team' (including former trustees of United Sikhs UK) in parallel with the activities of Opponent and under the same name.
 - (viii) The setting up of the parallel operation in the UK also seems to have coincided with a general desire on the part of the Applicant to 'formalise' the loose international grouping of United Sikhs of various territories into a 'commonwealth' under the name United Sikhs International, controlled by a reformed 'United Sikhs USA'. This manifested itself inter alia in the form of a campaign to file trade marks for UNITED SIKHS internationally in the name of the Applicant.
4. The Trade Mark in the UK was applied for on 3 September 2020, claiming partial priority from a US application filed on 7 May 2020. It was accepted and published on 23 October 2020.

The Opposition

5. As indicated, United Sikhs UK oppose the application on two bases.
6. Under s5(4)(a) of the Act they say that they are the owners of the goodwill associated with the sign United Sikhs. They have consistently provided the services for which the Trade Mark has been applied in the UK under the Trade Mark since 2002, and indeed were (until December 2019) the only provider of those services. They are self-governing and not controlled by the Applicant. They therefore say that the use of the Trade Mark by a parallel organisation under the same name by the Applicant amounts to a misrepresentation likely to cause damage (for example restricting their ability to fund raise effectively under the same name).
7. The Applicant does not dispute that there is an actionable goodwill in the name in the United Kingdom, even though there has been no 'business activity' carried out in the strict sense. Rather they claim that they, and not the Opponent, are the owners of this goodwill. Essentially their case is that United Sikhs UK was never more than the UK chapter of the international organisation which they control. United Sikhs was at all times advertised and presented to the public in the UK as an international group, including by the use of the international logo and through the website, and therefore the mark would have been perceived by the public as an 'international mark' indicating a connection with the international grouping which they (the Applicant) controlled.
8. Under s3(6), the Opponent says that the application for a trade mark by United Sikhs USA was made without their knowledge or consent and was a 'blocking mechanism' falling short of generally accepted standards of commercial behaviour. Given the established relationship between the parties (ie international collaboration between independent local entities using their common name), they say that the unilateral application for a trade mark for United Sikhs by United Sikhs USA 'marked a radical

change of practice'. Though not put explicitly in these terms, their case was effectively that the application was an attempt to wrestle control of the United Sikhs operation in the UK from United Sikhs UK by taking command of the way in which the trade mark could be used.

9. The Applicant's response is that there is no bad faith where a party reasonably believes that it is the owner of the goodwill and reputation in the trade mark, and there was more than enough to support this belief in the present case. They also say that they simply wish to use the registration to protect their goodwill and that they do not seek to prevent United Sikhs UK from carrying on its activities in the UK under the mark. Rather they simply wish to ensure that those activities are centrally controlled by the international group.

The standing/substitution point

Background

10. I have mentioned the substantive arguments about ownership of goodwill. However, United Sikhs USA took another, preliminary point about the standing of the named Opponent, even if the goodwill were owned by the United Sikhs UK charity.
11. The Opposition was originally filed under the name of 'United Sikhs' which was clarified in the statement of grounds as being 'United Sikhs (UK) under registered charity number 1112055'. The organisation which is registered under this number is an unincorporated association. Such an association obviously has no legal personality of its own, simply existing as an agreement between members. Without legal personality, the association or charity cannot itself own any property. Any property including goodwill which is associated with the association will therefore be owned by the members in accordance with the terms of the agreement between them.

12. In such cases, it is normal for the agreement (or constitution) to provide for a board of trustees to hold the legal ownership of any property on trust for the members with the duty to apply the property for the benefit and purposes of the association in accordance with the other terms of the constitution.
13. In the present case, United Sikhs UK do not (by the terms of its existing constitution) distinguish between members and trustees. It appears that 'members' of the association have to be trustees and vice versa. The obvious result of this seems to be that the property including the goodwill is legally jointly owned by the trustees on trust for themselves to be applied for the benefit of the charity in accordance with the constitution.
14. The Applicant took the point in the Opposition that the named Opponent ('United Sikhs UK') had no standing because it was not a legal entity capable of owning goodwill. The only people who were arguably able to bring the Opposition at least on the s5(4)(a) grounds would have been the trustees/members themselves. This was disputed by United Sikhs UK but at the hearing before the Hearing Officer they made a contingent application to substitute the Opponent with 'The Board of Trustees of United Sikhs, a UK Charity number 1112055'.
15. The Hearing Officer held that the Opponent (being the association itself) had no legal standing. However, she acceded to the application for substitution. The hearing went ahead on that basis.

The Appeal

16. The Applicant contends that the Hearing Officer was wrong to permit substitution of the Opponent.
17. There was no dispute that the Hearing Officer had the power to permit substitution, even at the late stage at which the substitution occurred. The exercise of this power was plainly a matter of discretion and

accordingly an Appellate tribunal should only interfere where the decision was irrational, unlawful or outside the bounds of what any reasonable authority could have decided.

18. I do not consider that any of those bases for intervention have been made good in the present case.

19. As a matter of strict analysis, it seems to me that the substitution in this case was more of a clarification than a real substitution of parties. Since United Sikhs UK, as a mere unincorporated association, has no legal personality, the name of the Opponent could only ever have been operating as a shorthand reference to the members of the association for the time being. This can be a problem where (as in many cases) there is a distinction between the members of an association and its trustees, only the trustees being the legal owners of the goodwill or other property which is the basis of the Opposition. In such a case it may be said to be important that the action is brought in the name of the trustees, because the other members of the association would have no standing to bring the claim. However, in this case, as I understand it, there is no relevant distinction between members and trustees (at least since 23 August 2020 – predating this Opposition - when the constitution was amended). All members are trustees, and vice versa. Therefore the ‘substitution’ involved no actual change of party – ‘United Sikhs’ in the TM7 can only have actually meant the members/trustees of United Sikhs UK, even before the substitution.

20. The objections taken by the Applicant to the Hearing Officer’s decision fell into two categories.

21. First it was said that the amendment of the name of the Opponent was incapable of correcting the defect, since by the time it was made the Opposition period had expired. As I understood it, the argument is that the Opposition could have been struck out for lack of title to the goodwill on which it was founded and therefore it should have been treated as a nullity. Any amendment to introduce the correct party was

in effect a new opposition which was out of time. No authority was cited to me to support this proposition, but it seems to me to fail for three reasons:

- (i) On my analysis set out above, the Opposition was effectively brought by and in the name of the trustees (as the only members of United Sikhs UK) anyway. On this basis there was not really a defect in the filing of the Opposition at all.
- (ii) The Civil Procedure Rules give explicit power to the Courts under Rule 19.6(2) to substitute a party even after expiry of a limitation period, where a mistake has been made in naming the previous party or where the substitution is necessary because the claim cannot otherwise be carried on. There is nothing in the Rules or any authority which I am aware of to suggest that this option is not open where the action would have failed without the substitution. I consider that this approach can be applied by analogy in Opposition proceedings before the Registry and I see no reason not to exercise the power in this case.
- (iii) Even if it were correct that the effect of refusing the amendment would be that the Opposition must be dismissed, and no further Opposition could therefore be brought due to the expiry of the relevant period, this would not prevent United Sikhs UK from bringing cancellation proceedings on the same grounds and using the same evidence. This seems to be a pointless duplication of proceedings which should be avoided if such can be done without injustice.

22. Second, the Applicant complains that two trustees and members (Hardayal Singh and Harpreet Singh) had their trusteeship and membership removed in 2019. This appears to have taken place as part of the unfortunate fall-out between United Sikhs USA and United Sikhs UK to which I have referred above. Various points have been made on this appeal about the process by which they were removed. The main

thrust was that the removal may have been not in accordance with the constitution. It was said that, had they still been taking part in general meetings, they would have not have consented to the bringing of the Opposition.

23. The legal effect of the failure to give notice to Messrs Hardayal and Harpreet Singh on their position as members and/or trustees under the terms of the previous Constitution is not clear and there certainly was not time at the hearing before me to debate it in any detail. What is clear is that under the terms of the present (23 August 2020) Constitution as registered with the Charity Commission (in force at the time of the Opposition proceedings), they are no longer trustees or members of United Sikhs UK. This Constitution lists the names of the trustees (and by implication member) and they are not included in that list. It is, I suppose, possible that Messrs Hardayal and Harpreet Singh could bring legal proceedings to set aside both the new Constitution and the mechanism by which they were removed, but this is in the realm of speculation and the outcome of any such proceedings is entirely unpredictable. For the purpose of these proceedings, it seems to me that the Hearing Officer had to proceed on the basis that the present Constitution is in force, for the reasons she gave in paragraphs 39-43 of her Decision.

24. I therefore consider that the Hearing Officer was entitled to permit the amendment in the exercise of her discretion. Even if she had not done so, I consider that the Opposition could in any event have proceeded on the basis that the reference to United Sikhs UK in Form TM7 could only have been a reference to the members of the association (and therefore, in this case, the trustees) for the time being, in whom the goodwill resided.

The ownership of goodwill

The law

25. Cases like this involving disputes as to the ownership of goodwill in the United Kingdom between local and foreign entities, where the business was originally built up by co-operation but the parties have grown or split apart, are reasonably common.¹

26. There is no doubt that goodwill created in such circumstances and associated with a particular name or get-up can belong to either the local or the foreign business or to both of them. There are however no hard and fast rules which can be extracted from the authorities as to how the Court must decide the question. Each case tends to turn on its very specific facts. Indeed, the Court of Appeal in the leading case of Scandecor Development AB v Scandecor Marketing BV [1999] FSR 26 noted the disparate results obtained in the authorities and the lack of any particularly guiding principle. See p39:

'The legal response is that this problem, if not solved by agreements, is ultimately soluble only by a factual inquiry with all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome. There are no quick, cheap or easy answers to be found in hard and fast legal rules, in binding precedents or in clear-cut factual and legal presumptions.'

27. What is clear from all the authorities is that two strands of evidence are influential (though they may not necessarily point in the same direction). The first is a question of objective fact, the second one of perception:

¹ Whilst this is an unusual case in that it involves charities, it is of course long-accepted in the law of passing off that a charitable venture can generate goodwill, and the principles developed in relation to commercial businesses can be applied by analogy.

(a) The degree of actual control over the goods or services supplied under the name or get-up exercised by the rival claimants to the goodwill. Goodwill is created by a link between a name and get up and the provision of particular goods or services. It does not normally matter whether the public know the legal person responsible. See Floyd LJ in Media Agency Group v Space Media Agency 2019 EWCA Civ 712 at 23

'The goodwill vests in the person who is in fact the source of the services, even if the customer is unaware of the identity of that person.'

(b) Which organisation do customers (as a result of the way the goods or services are promoted) perceive as being responsible for the quality or character of the goods or services supplied under the brand?

28. Two prominent authorities raising issues close to those in the present case are Habib Bank [1982] RPC 1 and Scandecor [1991] FSR 26. It may be worth summarising the facts and the judicial conclusions in those cases.

29. In Habib Bank a Pakistani banking family owned a bank (through a company referred to as HBO) in Pakistan. They also established and controlled a bank in Switzerland (through a company referred to as HBZ). In 1973 HBZ established a branch in London which traded alongside a number of other branches already established by HBO. In 1974 all banks (including HBO) were nationalised in Pakistan, but the Habib family continued to control the HBZ Swiss operation (because the nationalised company HBO only owned a minority stake in HBZ). The HBZ London branch continued to trade alongside the HBO branches and in 1977 was sued by HBO for passing off, claiming that its continued use of the name Habib Bank was a misrepresentation falsely taking advantage of the goodwill and reputation which had at all material times been owned by HBO.

30. Both the High Court and Court of Appeal dismissed HBO's claim. There was no exclusive goodwill in the United Kingdom to which HBO could lay claim as against HBZ. On the facts of that case, the establishment by HBZ of a local trading branch under the Habib name gave rise to a local goodwill which lived alongside the more general international reputation of the Habib bank. As a result, there was no misrepresentation. The public would associate the name with an international banking family, but that association would be correct.

31. In Scandecor at p43, the Court of Appeal summarised the position of the Court of Appeal in Habib Bank as follows (in a passage quoted by the Hearing Officer at 95):

'It may happen, as observed by Oliver LJ in Habib Bank Ltd v Habib Bank AG Zurich [1982] RPC 1 at 20 and 30 that the goodwill in a mark is 'shared' in the sense that an internationally known business based abroad, which establishes a branch in this country as part of that international organisation, does not cease to be entitled to its existing goodwill because there is also a goodwill in the local branch. In that situation it would be correct to assert that the international organisation retains its existing 'international' goodwill and that the newly created branch or subsidiary company has a local goodwill in the business carried on by it in this country, at the very least for the purpose of protecting it against injury by third parties.'

32. In Scandecor, the Claimant was a Swedish company whose business (publishing and selling posters under the Scandecor brand) was established in 1967. In 1971 it had established a UK subsidiary as a distributor for the products being sold in the UK. The subsidiary obtained a UK trade mark for the name. The business was ultimately divided between the two founders, as a result of which the Swedish company (SIAB) became owned separately from the UK subsidiary (S). By this time SIAB had its own UK trade mark to the company logo. Ultimately S announced that it was going to stop buying from SIAB and start distributing its own posters and/or those of 3rd parties. SIAB (now known

as SDAB) sued for an injunction against passing off and a direction that S changed its company name. S counterclaimed to revoke SDAB's trade mark and for an injunction against passing off.

33. At first instance, the trial Judge held that the goodwill in the United Kingdom associated with the name Scandecor was 'shared' by S and SDAB. Whilst S had its own goodwill with retailers, due to its quality of service and products, the 'constant theme' of publicity which had identified SIAB as 'the largest poster company in the world' conveyed the idea that this was an international business. The public was moved to buy the products by the source of the posters which was SIAB. Neither company could succeed against the other for passing off and there was an 'honest concurrent use defence' to trade mark infringement on the part of S in respect of the use of the name.

34. On appeal however, the 'shared goodwill' finding was rejected. As we have seen, the Court recognised the possibility of shared goodwill on facts such as those in the Habib case (see the passage cited above) where there was an internationally-known business which retained its 'international' reputation whilst the 'local' trade in the UK was carried on through a subsidiary, but did not think that this mapped on to the facts of Scandecor. Here, the retailers had only ever dealt with S, and SIAB had engaged in no marketing of its own in the UK. Whilst some retailers may have 'assumed' a connection with a worldwide group as a result of S's own advertising, this was not a good basis for the group to claim even joint ownership of goodwill. In reality SIAB had never exercised any control over S's activities in the UK and had no business of its own here. See p45:

'the commercial reality in the marketplace (and that is what really counts on this issue of entitlement to goodwill) is that SIAB neither had a business in the United Kingdom nor did it ever exercise control over any relevant business activities in the United Kingdom to which its goodwill could attach.'

35. The upshot was that S was granted an injunction in passing off restraining SIAB from using the name in the United Kingdom, and SDAB's trade marks were revoked.

The reasoning of the Hearing Officer

36. The Hearing Officer structured her findings of fact by reference to the four questions suggested by the 6th edition of Wadlow on Passing Off to be useful when considering ownership of goodwill between international manufacturer and UK subsidiary. She recognised that those needed adjusting to cover the issue of goodwill in a charitable context in which the relevant 'customer' is a 'donor' or potential donor. I agree that these were relevant questions and were properly adjusted. I set out her conclusions briefly below.

37. First she asked '*who is in fact most responsible for the charitable operations carried out?*'. The answer depended on the nature of the work. Projects under the name or backing of United Sikhs were organised and funded in the UK by the Opponent but funding was also collected and distributed to 'collaborative international projects' in which the various chapters throughout the world took part. The Hearing Officer concluded in [63] that

'When it comes to answering the question as to who is most responsible for the charitable operations carried out in the UK the [answer] is undoubtedly the opponent, but with regards to the operation of the collaborative international projects, the responsibility is at least for the most part shared, and often if not always may be weighted in favour of the applicant considering its running of the shared resources through which these operations appear to be funded.'

38. Second she asked '*are the donations made on the strength of the reputation of an identifiable trader?*'. Here, donations were generally made as a result of campaigning and applications for grants made by United Sikhs UK. However, a portion of donations were obtained via the

website owned, funded and at least partially run by United Sikhs USA, which was the main internet platform of United Sikhs in the UK. The Hearing Officer concluded in [69] that

'the donations and funding received by the opponent [United Sikhs UK] will likely be partially on the strength of the reputation accumulated by virtue of the collaborative international work, and is at least partly attributable to the applicant [United Sikhs USA], but also...a significant part of the UK funding and donations will have been received on the basis of the body of work carried out in the UK and reputation of the opponent [United Sikhs UK].'

39. Third she asked *'what circumstances support or contradict the claim of the opponent or applicant as being the owner of the goodwill'*. This section of her decision deals with the degree of factual independence of United Sikhs UK. She concluded (as I read it) that the various chapters throughout the world all maintained operational independence, and the attempt by United Sikhs USA to establish centralised control had not succeeded by the relevant date. However, the operation of the website used by all the chapters, and funded and controlled centrally by United Sikhs USA helped *'show a link between the entities'*. She considered that this

'supported an argument that some of the goodwill accrued in the UK may have inured to the benefit of the applicant'.

40. Fourth she asked the key question *'who does the public perceive as responsible for the charitable operations undertaken'*. Having carefully considered a number of pieces of evidence, she considered that members of the relevant public would think of United Sikhs as an international organisation with roots in the US. However, she did not believe that they would go beyond this to conclude that United Sikhs USA were actually responsible for the activities carried out in the UK. She pointed out that the website presented the various international chapters even-handedly and makes no reference to some *'overarching*

entity' controlling them. She concluded that there would be no logical reason for the public to think that the US chapter of the organisation was actually responsible for what went on in the UK:

'Instead, it is my view that the UK chapter will appear the most likely candidate. I also believe there may be a significant number of members of the relevant public who have come across and even donated to the UK charity only, who will not have visited the website and may be unaware of its links to a wider international movement. It is my view on balance that should a local UK project not be properly carried out or should a member of the public feel its donations have been put to improper use in this respect, they would most likely seek to hold the opponent responsible for these actions.'

41. Her overall conclusions on goodwill are set out in [96]-[97] of her Decision. I should say that immediately prior to this in [95] she had cited the passage in Scandecor about Habib Bank on the subject of shared goodwill which I have myself quoted above at [31].

42. In [96] she concluded that United Sikhs UK is

- (i) responsible for the independent running of the charitable services in relation to the UK funding and administration of projects,
- (ii) considered by *'at least a significant portion of'* the relevant UK public to be responsible for this,
- (iii) the holder of the reputation upon which *'at least a significant portion of the funding for UK projects carried out will be received.'*

43. Finally in [97] she said this:

'It is my view on this basis that there will be significant goodwill in the sign UNITED SIKHS that will have inured to the opponent in respect of the running of its UK projects over a period of over fifteen years prior to the applicant's parallel operations and both the priority and the filing date of the application. I acknowledge that the accumulation of the goodwill by

the opponent in relation to some of the work carried out on the international projects may have inured to the benefit of the applicant or even the other chapters operating on the same, by virtue of the collaboration and the shared resources and funding between the chapters. However it is sufficient for me at this stage to find that the opponent is the holder of at least a significant share of the goodwill in the UK as distinguished by the sign in respect of the services as previously determined.'

44. There was some discussion before me as to whether this was in fact a finding of 'shared' goodwill between the parties. In my view there is no such positive finding. The Hearing Officer is certainly making a finding that United Sikhs UK had a significant goodwill in the UK associated with the name UNITED SIKHS, as a result of the running of the UK projects in the last 15 years before the applicant started its 'parallel operations'. That is the conclusion which follows from her findings in paragraph 96. She goes on to say that in relation to the international projects in which there was collaboration and shared resources between the chapters some goodwill may have inured to the benefit of the Applicant or even to other chapters, but reaches no actual conclusion on this.

45. It is worth pointing out at this stage that 'shared goodwill' is not a term of art with a common legal meaning and effect, as indicated by the passage in Scandecor quoted above at [26]. The concept of goodwill being 'shared' has been used by Judges and by commentators to characterise various disparate types of situation which arise in passing off cases. These have included 'common ancestor' cases (eg Dent v Turpin [1861] 70 ER 1003) as well as foreign parent/local subsidiary cases (eg Habib Bank and Scandecor). The concept has also been used to explain the doctrine of 'extended passing off' in which traders each have a share in the goodwill associated with a class of goods which they product, the goods having distinctive characteristics (Champagne, Greek Yoghurt etc. – see Kitchin LJ in Fage UK Ltd v Chobani UK Ltd [2014] EWCA Civ 5 at [65]).

46. In my view the phrase 'shared goodwill' merely indicates the general situation in which more than one party has a legitimate interest in the public recognition of a name or get up and its ability to 'bring in custom'. The precise nature of that interest and the ability to exploit it or assert it against others varies depending on the facts of the case and cannot be characterised simply by referring to it as 'shared'. The Courts have tended to respond to such cases in a pragmatic way which defines the rights of the parties so as to protect their individual economic interests in the mark and so as to limit confusion amongst the public so far as reasonably possible.

47. As I read the decision in this case, the Hearing Officer was making a clear distinction between (i) the charitable activity and projects carried out in the UK, which were at all times solely the domain of United Sikhs UK, and perceived by the public as such and (ii) the work on collaborative international projects in which United Sikhs USA plainly played a significant role visible from the United Kingdom.

48. On this basis, insofar as the Applicant had any 'share' of the goodwill associated with United Sikhs in the United Kingdom, this could only extend to its distinct activities in the international sphere. It could not 'share' in any goodwill associated with the charitable activities and projects carried out in the United Kingdom.

The substantive appeal in relation to s5(4)(a)

Challenge to the decision on ownership of goodwill

49. Mr Malynicz KC contended on behalf of the Applicant that the Hearing Officer had been wrong to find that the Opponent was entitled to any goodwill associated with the name United Sikhs in this country. His contended in effect that the evidence clearly showed that the name was associated by the public with a transnational entity, and that this entity was controlled by the Applicant.

50. Before me, Mr Malynicz relied primarily on the international website through which the activities of United Sikhs were promoted, but also on the other evidence including social media and press releases which showed how United Sikhs was presented as part of an international institution with its own international logo. I agree that this is how United Sikhs was presented to the public. However, I do not consider that this is a decisive point. Indeed this is essentially the same as the argument which was rejected in Scandecor. See p44:

'(6) In relation to the disputed goodwill, what matters is the identity of the person carrying on the trading activities in the local territory with the retailers: with whom do they associate the mark "Scandecor"? Mr Wyand emphasised the presentation of the image of the unified worldwide group, in preference to publicising and highlighting the divisions occurring within it. He relied on the publicity to the outside world (the "one face to the world" policy) and the claims by S Ltd to international connections. However, the commercial reality in the marketplace (and that is what really counts on this issue of entitlement to goodwill) is that SIAB neither had a business in the United Kingdom nor did it ever exercise control over any relevant business activities in the United Kingdom to which its goodwill could attach.'

51. Ultimately the Hearing Officer had to consider who was in fact in charge of the fund-raising activities and projects undertaken in the United Kingdom, and who was perceived by the public as being responsible for those activities. Her answer on the evidence was clear on both. It was United Sikhs UK. I do not think that any criticism can be laid at the door of the Hearing Officer for failing to give proper consideration to the vast volume of evidence filed in this case. On the contrary, it seems to me that she carefully and fairly considered all of it in reaching her conclusion.

52. Mr Malynicz made a number of specific points which he said undermined the Hearing Officer's decision on ownership of goodwill.

53. First he contended that United Sikhs USA (both globally and in the UK) preceded United Sikhs UK and that it was responsible for the establishment of United Sikhs UK in 2002. In his skeleton argument he even noted

'Ironically, without the Applicant there would be no Opponent'.

54. This may be correct, but of course this is a common feature of all those cases in which foreign entities set up subsidiaries in the UK and there is a later dispute about ownership of goodwill. Yet, as we can see from Scandecor, the goodwill may still belong to the UK company. It seems to me that the precise details of what happened 20 years ago are of little materiality in this case. They do not throw much light on either of the critical issues of control or public perception.

55. Second, he relied on the financial collaboration between the parties, and specifically the fact, as recorded by the Hearing Officer, that some funding of United Sikhs UK would have arisen as a result of the reputation of foreign chapters including United Sikhs USA. I do not see that this is a decisive point. Plainly the Hearing Officer had it in mind as part of her overall assessment and evaluation.

56. Third, he relied on the fact that the Applicant owns the copyright in the United Sikhs logo. I cannot myself see why this question is relevant to the ownership of goodwill in the United Kingdom.

57. Overall this is was a classic example of an evaluative judgment which depended on an overall consideration of a large amount of evidence. Without an obvious error of law or principle or any suggestion that the Hearing Officer misunderstood the evidence, I could only overturn her conclusion on ownership of goodwill if it was so plainly wrong that no reasonable tribunal could have reached it. I do not think this is such a case. Cases of this kind are not easy to determine, but her conclusion seems to me to have been one she was perfectly entitled to reach.

The 'date point'

58. There was some discussion before the Hearing Officer about the correct date at which the objection under s5(4)(a) should be assessed. She cited the decision of Mr Daniel Alexander QC sitting as the Appointed Person in Advanced Perimeter Systems v Multisys Computers BL O-410-11 in which he approved the statement of Mr Allan James in SWORDERS TM O-212-06 as follows:

'Strictly, the relevant date for assessing whether s5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date. See Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about and then to assess whether the position would have been any different at the later date when the application was made.'

59. This is plainly correct. The relevant date to consider goodwill and misrepresentation in an action for passing off is always the date when the Defendant began the activities complained of. This is because a Defendant would otherwise be able to rely on its own independent reputation achieved by the date of the commencement of proceedings which had been built up as a result of passing off. See for example Oliver LJ in Budweiser v Budejovicky Budvar [1984] FSR 413 at 462. Section 5(4)(a) requires the Opponent to show that the use of the trade mark could be prevented by the Opponent (in particular under the law of passing off). Whilst the 'prevention' must be obtainable at the date of the application for the mark, that will only be possible if an action for passing off could succeed. This takes us back to the relevant date for an action for passing off, and it is therefore necessary to show that there was a likelihood of confusion at the date the Applicant began the activities complained of.

60. Mr Malynicz contended before me that the correct date for assessing passing off in the present case was the date when the Opponent was established in the United Kingdom (2002), apparently on the basis that this is when the Applicant commenced its activities in the United Kingdom. Of course at this point the Opponent cannot claim to have had any goodwill because it had never previously existed, so if he is right then the case under s5(4)(a) must necessarily fail.

61. It is not clear to me whether this point was actually run before the Hearing Officer. Certainly she did not consider it in her Decision. In any event, it seems to me to be entirely without merit:

(a) 2002 is not the date at which the Applicant commenced any activities about which the Opponent complains. The Opponent does not complain about the fact that it was established, nor does it even complain about the international activities of the Applicant including the website which have been visible from the UK since around that date.

(b) As I understand it, the Opponent does not in fact allege that any activities of the Applicant prior to about 2019 amounted to passing off, because all these activities were consistent in with the position on goodwill which was arrived at by the Hearing Officer (Opponent operating and generating goodwill in the UK, Applicant operating in the US and internationally).

(c) The activities of the Applicant which might (on the Hearing Officer's findings as to goodwill) be capable of amounting to passing off were the 'parallel projects in the United Kingdom'. On the evidence these only began very shortly before the trade mark application itself, ie in about 2019. The Hearing Officer sets this out in [15] of her Decision:

'The witness statement of Ms Mehindarpal Kaur states that Mr Hardayal Singh began to run 'parallel projects in the UK without the involvement of the opponent' beginning after 2018. I also note than in

the witness statement of Gurpal Singh provided by the applicant, Mr Singh states that he is now operations manager for the UK Chapter under management of the applicant, that he was appointed by the applicant in December 2019 and he has managed UK humanitarian work and worldwide projects. Gurpal Singh states that there have been operations run by the applicant since 2019, stating 'a full list of activities can be seen below, which lists activities that my team, rather than Ms Kaur, are responsible for in the UK'. The first is dates 'December 2019'.

- (d) The Hearing Officer considered for these reasons that the position in December 2019 should be taken into account (as well as the position at the relevant dates of the trade mark application, namely 7 May and 3 September 2020). This seems to me to be self-evidently the correct approach.

The right of the Applicant to use the mark on the basis of its 'shared goodwill'

62. Mr Malynicz finally argues that insofar as the Hearing Officer made a finding that there was 'shared goodwill' in the present case, then the objection under s5(4)(a) should have been dismissed on the basis that neither of the shared proprietors of the goodwill can prevent the other from using the mark, even if each may be able to prevent third parties from doing so. He cited Dent v Turpin [1861] 70 ER 1003.

63. I have discussed the findings of the Hearing Officer in respect of shared goodwill above. They may be summarised by the following propositions:

- (a) The Hearing Officer did not in fact conclude that the Applicant did 'share' in the goodwill associated with United Sikhs. She merely indicated that this was a possibility.
- (b) Insofar as the Applicant had any reputation or goodwill with a proportion of the public, this was in any event associated only with

the promotion and funding of international projects, visible in the United Kingdom through the United Sikhs website and social media.

(c) Such ‘international’ goodwill (adopting the phrase used in Scandecor for this kind of reputation with the public in the passage I have quoted in [32] above) is quite distinct from the local goodwill associated with carrying on ‘business’ in the United Kingdom which is the normal basis of a passing off claim. Here the local goodwill is exclusively that of the Opponent.

64. The possession of ‘shared’ or ‘concurrent’ goodwill is not an automatic shield against a passing off claim. In particular, it does not entitle a Defendant to move ‘closer’ to the activities, trading style, or geographical area of the Claimant so as to increase the likelihood of confusion. The classic example of this is Sir Robert McAlpine v Alfred McAlpine [2004] EWHC 60 in which two businesses (deriving ultimately from a common ancestor) benefited from a shared goodwill associated with the name McAlpine but operated under the distinct names ‘Sir Robert McAlpine’ and ‘Alfred McAlpine’. It was held that the Defendant could not rebrand as ‘McAlpine’ alone because this would increase levels of confusion and thereby interfere with the goodwill of the Claimant.²

65. In the present case, it seems clear to me that any ‘share’ in the goodwill in ‘United Sikhs’ which the Applicant may have associated with the use of the name on international projects would not give them any right to establish a local operation in the UK under that name alongside the Opponent, running UK based projects or carrying out other charitable endeavours in the UK on behalf of the Sikh community because such activities were materially different from what had been done before and would inevitably give rise to many new opportunities for confusion between the parties.

² I should point out that Arnold LJ in Match v Muzmatch [2023] EWCA Civ 454 suggests (in agreement with Wadlow) that this was not a case of shared goodwill but rather a case of independent concurrent goodwills associated with Robert McAlpine and Alfred McAlpine respectively. This illustrates the elusiveness of the concept: the parties had independent goodwill associated with their proper names, but they did ‘share’ the name ‘McAlpine’ and one suspects that the name McAlpine alone had an attractive force to customers of either or both companies.

Conclusion on s5(4)(a)

66. Turning back to the objection under s5(4)(a), this applies where the Opponent can show that the 'use' of the mark by the Applicant in relation to the services for which it is sought to be registered would be liable to be prevented by the law of passing off. It is well established that this can be judged by considering any 'normal and fair use' of the trade mark in relation to the services in question. Here, 'normal and fair use' would plainly cover the provision of the services in the United Kingdom in relation to local projects for the benefit of the Sikh community. Indeed, this would be the paradigm use of the mark. The Hearing Officer plainly considered that this would be likely to cause confusion amongst substantial numbers of the public who had previously donated to or dealt with the Opponent who (until at least 2019) was the only party using the mark in the United Kingdom in relation to such activities. She also considered that this would inevitably lead to damage. On the facts as found by her, this seems to me to be correct.

67. The Applicant did not seek to rely on s7 of the Act ('honest concurrent use') as a ground for registration to overcome the objection under s5(4)(a). Given the findings of the Hearing Officer, I do not consider that this would have been open to them anyway. Just as the Courts have insisted that those who 'share' goodwill with another trader should be careful to 'stay in their lane' to avoid confusion, the same applies where honest concurrent use is relied on as a defence. See the third element of the test for honest concurrent use which I set out in my Judgment in W.S. Foster v Brooks Brothers [2013] EWPC 18 at [61]

(iii) the acts alleged to amount to passing off must not be materially different from the way in which the Defendant had previously carried on business when the sign was originally and legitimately used, the test for materiality being that the difference will significantly increase the likelihood of deception."

68. Here, the 'normal and fair use' of the mark would (as I have said) include actions in the United Kingdom which would be materially different from the activities previously engaged in by the Applicant and would increase the likelihood of deception.

69. In those circumstances, the requirements of s5(4)(a) seem to me to have been properly established by the Hearing Officer and the Opposition was rightly upheld.

The appeal against the finding of bad faith under s3(6)

70. Having upheld the Hearing Officer under s5(4)(a), it is not strictly necessary to consider the further ground on which the Opposition was upheld, namely that the mark was applied for in bad faith under s3(6) of the Act.

71. I was urged by Mr Malynicz to consider the objection even if I was against him on s5(4)(a) because a finding of bad faith was potentially damaging to the reputation of the Applicant, and this was particularly significant to a charity as opposed to an ordinary business.

72. I have some sympathy with this. Whilst I will not deal with the matter at any great length in the circumstances, I do consider that the Hearing Officer's finding (that the application for a trade mark in this case fell short of the standards of honest commercial behaviour) was unduly harsh on the Applicant.

73. There is no reason to think that the Applicant did not genuinely believe that it was the owner of the United Sikhs 'brand' worldwide. Against that background it was legitimate (whether or not it was desirable) for it to want to draw the various international chapters together under a more centralised control. On the findings of the Hearing Officer, the Applicant did not even intend necessarily to prevent the Opponent from using the sign. Rather it intended to use the registration as part of its campaign to require the Opponent only to use the sign in relation to co-ordinated

approved activities. Thus the intention was to remove the possibility of independent activity under the sign. To that end, the Opponent was offered a licence under the sign on terms of subordination. When this was refused, the Applicant proceeded with the application.

74. I do not think that this conduct would amount to bad faith unless the Applicant had no genuine belief that it was entitled to control the use of the sign worldwide. If it did genuinely believe this (as I think it did), then the strategy seems to me to be a fair one (albeit ill-founded in law).

75. It is of course also plain that there was some animus between the personalities involved. The Hearing Officer held that the Applicant had developed a *'dislike and/or a distrust of a member of the Board of Trustees of the opponent and the operations carried out over recent years.'* However, I would not consider this to give rise to a bad faith objection either. Both parties no doubt have the best of intentions in terms of representing and supporting the Sikh community. Disputes about how best to achieve good ends can unfortunately create clashes of personality even within the most philanthropic institutions. There is no reason to believe that personal dislike was the prime motivating factor behind this application.

Conclusion

76. I uphold the Hearing Officer's decision under s5(4)(a) and confirm that the application should be refused on that basis.

77. As I understand it, both parties are now represented on a *pro bono* basis and no requests for costs of this Appeal have been made. I simply confirm the Hearing Officer's award of non *pro bono* costs as set out in paragraph 129 of her Decision. Although I have not agreed with her finding under s3(6), I do not think this issue added materially to the non

pro bono costs so as to justify interfering with what is a relatively small award.

**IAIN PURVIS KC
THE APPOINTED PERSON**

10 April 2024