O/0600/24

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. 3590230
IN THE NAME OF HYWEL RICKETTS
IN RESPECT OF THE TRADE MARK

IN CLASSES 41 & 43

AND

THE APPLICATION FOR INVALIDATION THEREOF UNDER NO. 504262
BY TRINITY AMC RETAIL LIMITED

Background and pleadings

1. Hywel Ricketts ("the proprietor") applied to register the trade mark no. 3590230 for the mark shown on the cover page of this decision in the UK on 4 February 2021. It was accepted and published in the Trade Marks Journal on 2 April 2021 and was registered on 11 June 2021 in respect of the following services:

> Class 41: Entertainment services provided at nightclubs; Nightclub services; Nightclub services [entertainment].
>
> Class 43: Bars.

2. On 15 October 2021, Trinity AMC Retail Limited ("the cancellation applicant") applied to invalidate the registration under section 47(1) and 47(2)(b) and on the basis of section 3(6) and section 5(4)(a) of the Trade Marks Act 1994 ("the Act").

3. The invalidation relying on section 5(4)(a) of the Act is on the basis of the cancellation applicant's alleged earlier rights in the sign  . The cancellation applicant claims to have been providing entertainment services and the provision of food and drink (by way of offering a nightclub that serves drinks) under this sign in Cardiff since 2016, and that entities linked to the director of the cancellation applicant have since 2001 used the "name and get up of Metro's under license". The cancellation applicant claims to hold goodwill in the sign in the Cardiff area, and submits that use of the trade mark registered would therefore result in a misrepresentation to the public and in damage to the aforementioned goodwill.

4. In respect of the application for invalidation relying on section 3(6) of the Act, the cancellation applicant claims that the application was filed in bad faith. It is asserted that at the time of filing, the proprietor was aware of the use of an identical sign by the cancellation applicant as his father is a shareholder of the cancellation applicant's company, and the proprietor has previously been engaged to undertake promotional activities for the benefit of the cancellation applicant. It is claimed that the proprietor seeks to prevent the cancellation applicant from continuing to use the sign, and that he either has no intent to use the sign himself or in the alternative that he seeks to take advantage of the cancellation applicant's goodwill under the sign.

5. The proprietor filed a counterstatement denying the cancellation applicant has grounds to invalidate his registration. He agrees that there is goodwill under the sign in Cardiff but claims to be the rightful owner of the sign and any goodwill accrued under the same. Within his counterstatement, the proprietor submits:

> "The applicant states:
>
> > Applicant has significant goodwill in the name and get up of Metros in the Cardiff area and any use by the registered owner is likely to lead the public to believe that the services offered are those of the applicant and it is likely that damage will be caused.
> >
> > As the registered owner has registered the trademark in the same category of services provided by the applicant, the danger of the public being confused into believing that any use would be that of, or associated with, the applicant is significant
>
> We agree with this position and dispute that it is the applicant who created the good will as the applicant had nothing to do with the business when the logo was created or anything to do with the running of the company. The goodwill and associations with were built by the trademark holder.
>
> To avoid further confusion we are taking all legal routs before we open our new business. Thus demonstrating that the logo and classes of the trademark are still being used by the Trademark Holder.
>
> Currently the applicant does not use the same logo as registered. The Applicant uses different logos on various promotional material."

6. The proprietor also denies having no intention to use the mark, stating he wishes to proceed with his business under the same.

7. Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Both sides filed written submissions which will not be summarised but will be referred to as and where appropriate during this

decision. No hearing was requested and so this decision is taken following a careful perusal of the papers.

8. The cancellation applicant is represented in these proceedings by Richard Nelson Solicitors LLP. The proprietor is representing himself.

9. The provisions of the Act relied upon in these proceedings are assimilated law, as they are derived from EU law. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 (as amended by Schedule 2 of the Retained EU Law (Revocation and Reform) Act 2023) requires tribunals applying assimilated law to follow assimilated EU case law. That is why this decision refers to decisions of the EU courts which predate the UK's withdrawal from the EU.

Evidence

10. The cancellation applicant filed its evidence in chief in the form of a witness statement in the name of Svitlana Ovcharenko, director for the applicant. The witness statement introduces a single exhibit labelled Exhibit SO1. This exhibit is 47 pages long and comprises a variety of different documents. The statement goes towards the cancellation applicant's use of the mark since 2016 as well as the previous relationship between the proprietor and the cancellation applicant.

11. The proprietor filed his evidence in the form of a witness statement in his own name, along with 22 exhibits labelled Exhibit HR1 – Exhibit HR22. The statement and exhibits also speak to the relationship between the parties and the background of the proprietor in relation to the companies offering services under the sign. They also provide a court ruling in a separate dispute between the parties regarding unpaid invoices.

12. The cancellation applicant opted to file evidence in reply. This comprises a further witness statement from Ms Ovcharenko introducing a second exhibit labelled Exhibit SO2. This is 106 pages long and again contains a variety of documents within a single exhibit. This provides further context regarding the chain of ownership and history of the services offered under the sign. In addition, a witness statement is provided in the name of Rhodri O'Neill, who states he is the creator of the sign and a former employee

of ‘Club Metropolitan’ between 1998 and 2003. This statement introduces five exhibits to this effect, namely Exhibit RO1 – Exhibit RO5.

13. The evidence will be discussed in more detail in the context of the grounds below.

Invalidation based on section 5(4)(a) of the Act

Legislation

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

> “(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.”

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

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

16. The relevant parts of section 47 state:

> “47. (1) […]
>
> (2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) […]

(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 exist 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."

17. 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)."

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

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

(1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other indicium which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

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

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

(a) the nature and extent of the reputation relied upon,

(b) the closeness or otherwise of the respective fields of activity in which the claimant and the defendant carry on business;

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

(d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."

19. In *Advanced Perimeter Systems Limited v Multisys Computers Limited,* BL O-410-11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar's assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

"43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(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.' "

20. In this instance, the relevant date for assessing whether there is goodwill in the sign will be 4 February 2021. Whilst I note the proprietor claims to have used the sign prior to the date the application was filed, it is argued by the cancellation applicant that this is not use by the proprietor. This will be considered in more detail below.

Goodwill

21. Goodwill is described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 233 as below:

> "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."

22. I note in this instance, as I have set out in the background section to this decision, the parties agree explicitly that there is goodwill under the sign in Cardiff.[1] I take the parties statements to be agreement that this was in place at the relevant date in respect of the services claimed. As this fact is not in dispute, I accept this and I will not dwell on this aspect of the decision.

Who owns the goodwill?

23. What clearly is in dispute is the ownership of the goodwill under the sign. Both parties claim to be the owner of this goodwill under the sign (on the basis of the same use). I therefore consider the evidence relevant to the ownership of the goodwill under the sign below.

24. Within her second witness statement, Ms Ovcharenko explains that the nightclub has been in existence from the early 1990s but initially traded (as she understands it) as Club Metropolitan.[2] She states that although she is not aware of the full details of the succession and transfer arrangements of the businesses, the businesses that ran the club from the outset were owned by her husband and his family, and the trading business of the nightclub was transferred to other members of the group owned by her husband, in which the proprietor and/or his father became involved in 2006.[3]

[1] The goodwill agreed upon appears to be localised goodwill in the area of Cardiff. It is established that localised goodwill under a sign is sufficient to prevent UK wide registration of a trade mark where the conditions of 5(4)(a) are otherwise met – see *Caspian Pizza Ltd v Shah* [2017] EWCA (Civ) 1874 where the opponent's earlier right in the Worcester area was held to be sufficient to prevent the applicant from acquiring a national trade mark that was valid throughout the UK.
[2] See paragraph 7 of the second witness statement of Ms Ovcharenko
[3] See paragraph 7 of the second witness statement of Ms Ovcharenko

25. Ms Ovcharenko explains that she can confirm that on its incorporation in 2010, all of the trading business of the club and the assets including the logo and trading name was acquired by "the Holding Company" (identified in her second witness statement as Trinity Asset Management Cardiff Ltd), of which she is Sole Director and 50% shareholder.[4] She explains that this was due to Metropolitan Taverns Ltd entering into liquidation and the liquidator agreeing to an assignment of the lease in addition to the trading business, name and assets of the club including the logo to the holding company.[5] She provides at Exhibit SO2 a Licence to Assign document dating from 2010 for the lease of the reception and toilets at 'Club Metro', which refers to Metropolitan Taverns Ltd as in liquidation. This information was provided in reply evidence, but further information on the relevance of Metropolitan Taverns Ltd was provided by the proprietor within his witness statement. Mr Ricketts states that he has used the sign "… since 2002 and when he brought a shareholding in the company using it"[sic], which the cancellation applicant was not involved with.[6] To this effect he provides a letter detailing his purchase of 20 (of 100) shares in Metropolitan Taverns Ltd at Exhibit HR3. I note the documents date from 2006. The proprietor also provides a Companies House document showing that he was appointed Secretary for Metropolitan Taverns Ltd in 2008 at Exhibit HR5.

26. Ms Ovcharenko explains that prior to the incorporation of the cancellation applicant (in 2016[7]) there was a trading agreement between the Holding Company and another party (Rockola Bars Ltd) to "trade the club" under license between May 2013 – April 2015, but that all assets, including the logo, remained with the Holding Company.[8] She explains that the proprietor and his father were the directors of Rockola Bars Ltd.[9] She states that Rockola Bars Ltd then went into liquidation on 2 February 2016 after being unable to pay the licence fees, and the cancellation applicant was then incorporated two weeks later.[10] The holding company then entered into a similar exclusive trading agreement with the cancellation applicant.[11] Copies of the trading agreements referred

[4] See paragraph 8 of the second witness statement of Ms Ovcharenko
[5] See paragraph 11 of the second witness statement of Ms Ovcharenko
[6] See paragraph 5 of the witness statement of Mr Ricketts
[7] See paragraph 8 of the witness statement of Ms Ovcharenko
[8] See paragraph 12 of the second witness statement of Ms Ovcharenko
[9] See paragraph 12 of the second witness statement of Ms Ovcharenko
[10] See paragraph 13 of the second witness statement of Ms Ovcharenko
[11] See paragraph 14 of the second witness statement of Ms Ovcharenko

to are provided at Exhibit SO2. They appear to be fairly simple documents showing the Holding company granting the aforementioned parties a licence to 'trade and operate the premises' known as 'Metros'. They date from 2013 and 2016 respectively. Ms Ovcharenko states that the Holding company is fully supportive of the cancellation application.[12]

27. Ms Ovcharenko states that since the cancellation applicant was incorporated in February 2016 it has traded and continues to trade under the name Metros from the nightclub premises at 10 Bakers Row, Cardiff.[13] At Exhibit SO1 Ms Ovcharenko provides an image of what she states was the applicant's premises prior to the registration date of the mark as below:[14]

28. Ms Ovcharenko states she has been the only director of the cancellation applicant since its incorporation, and that the only shareholders are herself and the proprietor's father Vivian Ricketts.[15] She provides at Exhibit SO1 a 'Certificate of Employers' Liability Insurance' issued to the applicant recording its trading name as "Club Metropolitan and/or Metros" dating from June 2016.

29. Ms Ovcharenko explains that the proprietor was in a consultancy arrangement with the cancellation applicant whilst he carried out promotional activities for them, but she states that at no point was the proprietor "[…] granted any licence, assignment or interest in the Metros name and logo."[16] She provides invoices at Exhibit SO1 which she states were issued by the proprietor's company to the cancellation applicant in the

[12] See paragraph 14 of the second witness statement of Ms Ovcharenko
[13] See paragraph 8 of the witness statement of Ms Ovcharenko
[14] See paragraph 10 of the witness statement of Ms Ovcharenko
[15] See paragraph 11 of the witness statement of Ms Ovcharenko
[16] See paragraph 29 of the witness statement of Ms Ovcharenko

cancellation applicant's trading name of Metros[17] from February 2018 and February 2020. The invoices are issued to the name 'Metros' with the invoices addressed to 'Metros, 10 Bakers Row, Cardiff', and refer to services including promotions, cleaning DJ stand and DJing, social media and digital and repairs across the invoices. The invoices are issued by 'Student Lifestyle Services'. Mr Ricketts also states in his witness statement that he carried out promotional activities for the cancellation applicant on a self-employed basis.[18] He provides invoices that he describes as being "for marketing and promotion ranging from 5 September 2010 to 7 December 2019"[19] at Exhibits HR10 to HR13. The first is an invoice for DJ services, the repair of a light and Art work under the account number 'Met2010'. There is very little information on this invoice. The second, third and fourth invoices are addressed to 'Metros Nightclub' and are headed 'Student Lifestyle Services'. They are dated in 2014, 2015 and 2019 and bill for services such as "Promotions & Djing" and "Equipment Maintenance".

30. Ms Ovcharenko explains that there was a dispute between the proprietor and the cancellation applicant stemming from alleged non-payment of invoices rendered by the proprietor to the cancellation applicant for promotional services for the cancellation applicant's nightclub.[20] She provides emails at Exhibit SO1 that appear to be sent by a legal representative for the cancellation applicant to the proprietor requesting the relinquishment of social media accounts to the cancellation applicant, and the removal of derogatory and defamatory statements from social media by the proprietor. The correspondence dates from March 2020. A social media post is provided issued under 'Metros' and displaying the sign  in the thumbnail. This is entitled "Statement by Hywel". The post refers to unpaid wages and loans as well as bullying and harassment from colleagues. This is undated but appears to be the post referred to in the emails sent on behalf of the cancellation applicant in March 2020. Mr Rickett's also provides details of a court case which he explains in his witness statement is in relation to unpaid invoices,[21] in which the cancellation applicant was ordered by Deputy District

[17] See paragraph 25-26 of the witness statement of Ms Ovcharenko
[18] See paragraph 9 of the witness statement of Mr Ricketts
[19] See paragraph 7 of the witness statement of Mr Ricketts
[20] See paragraph 21 of the witness statement of Ms Ovcharenko
[21] See paragraph 15 of the witness statement of Mr Ricketts

Judge Rees sitting at the County Court at Cardiff to pay the proprietor a sum of money plus interest dated 21 March 2023.

31. Mr Rickett's states in his witness statement that goodwill relating to the Metros name is vested in him as he "… commissioned the artwork that is associated with his name, artwork and music played as a DJ for over 27 years".[22] However, the cancellation applicant disputes this point in its reply evidence in which it filed a second witness statement in reply in the name of Rhodri O'Neill. In this statement, Mr O'Neill claims to be the creator of the sign on behalf of his employer, who he describes as the predecessor company to the cancellation applicant.[23] He explains he worked for Bakers Row Ltd, which he understands "…was a business later acquired by the holding company of the Cancellation Applicant".[24] Documents providing posters using the sign dating from 2001 are provided with this statement at Exhibit RO3.

32. Mr Ricketts claims in his witness statement "[a]s the applicant dispensed with the services of the proprietor they forfeited the right to use anything created by the Proprietor an example of which can be seen by exhibits HR8 & HR9".[25] These exhibits show the promotional material below:

[22] See paragraph 13 of the witness statement of Mr Ricketts
[23] See paragraph 1 of the witness statement of Mr O'Neill
[24] See paragraph 3 of the witness statement of Mr O'Neill
[25] See paragraph 6 of the witness statement of Mr Ricketts

33. The proprietor has also provided an article at Exhibit HR16 in which he is described as 'Metros DJ Hywel Ricketts' and as celebrating a 25 year residency at "Wales' longest running alternative club".

34. Mr Rickett's also explains in his witness statement that he registered the trade mark on the instruction of his father, who he confirms was the 50% shareholder of Trinity AMC Retail Limited and the Holding company.[26] He provides the following email at Exhibit HR6:

From: **Vivian** vivian.ricketts1944@btinternet.com
Subject: trad mark
Date: 3 February 2021 at 17:02
To: Hywel Ricketts hywelr@me.com

Dear Hywel,

Please will you get hold of the trad mark of Metros Bakers Row Cardiff and sing and Logo
Thank you

Dad
Sent from Mail for Windows 10

35. I have not mentioned every single aspect of the evidence provided by the parties above, but I have reviewed and assessed this in its entirety. It appears there are a number of facts in this case that the parties agree on, although they ultimately disagree on what these facts will mean in relation to the ownership of goodwill under the sign. Considering the sum of the evidence including the facts seemingly agreed upon by the parties, to summarise it appears:

- The sign was used in relation to nightclub services, likely as early as 2001. It was used at least from the mid 00's onwards by Metropolitan Taverns Ltd. The proprietor became a shareholder in this company in 2006;
- Metropolitan Taverns Ltd went into liquidation and the rights to operate the nightclub under the sign were transferred to the Holding company Trinity Asset Management Cardiff Ltd in 2010;
- The Holding company provided a trading licence to a company named Rockola Bars Ltd between 2013 – 2015 who operated the nightclub under the

[26] See paragraph 9 of the witness statement of Mr Ricketts.

sign. The proprietor was a director of this company, which also ended up in liquidation;

- The Holding company then provided the cancellation applicant with a trading licence for the Metros nightclub upon its incorporation in 2016;
- The Holding company are apparently connected to the cancellation applicant, with it having the same shareholders and director. The proprietor's father was a 50% shareholder in each company;
- The cancellation applicant has been operating nightclub services under the sign from 2016 and up until the relevant date;
- The proprietor carried out promotional and DJ services for the cancellation applicant whilst it was trading under the sign prior to the relevant date;
- The parties fell out prior to the application being filed, at least in part due to unpaid invoices issued to the cancellation applicant by the proprietor; and
- The proprietor's father instructed the proprietor to "get hold" of the mark the day before the application was filed.

36. I note the parties disagree on who created (/commissioned) the sign. The proprietor claims in evidence to have commissioned this, although I note elsewhere, he claims to have been using the sign since 2002 and when he bought shares in the company using it.[27] Although the wording of used is not completely clear this does appear to somewhat contradict his claim to have commissioned the mark. Later, in his written submissions, he refers to owning the company that commissioned the original logo. Mr O'Neill claims to have created this for his employer Bakers Row Ltd who he believes were then acquired by the Holding company. However, in any case this is not relevant to the question of ownership of the goodwill under the sign. Any IP right generated via the commissioning of a logo design will not equate to goodwill in a business as distinguished by that sign, which will only arise as the result of trading activities. Further, commissioning (or creating) a sign on behalf of a company will inevitably result in any rights to the sign being owned by that company and not by the individual, unless expressly agreed otherwise. I therefore do not need to consider this disagreement between the parties further.

[27] I note the evidence provided at Exhibit HR3 indicates the shares were purchased in 2006.

37. I also note at this stage there are a few other points made by the parties which have little impact on my assessment of the ownership of the goodwill. Firstly, I note the comments from the proprietor that the cancellation applicant is now using another mark and that they claimed in 2023 to have "no tangible assets". This does not weigh heavily in my assessment of the position of the company at the relevant date in 2021. Secondly, I note the cancellation applicant's evidence stating that without the approval of the applicant, the proprietor resigned his father's position as shareholder of the cancellation applicant and replaced this with himself on 21 June 2022. Again, this is not relevant to the question of ownership of goodwill at the relevant date.

38. *Wadlow on the Law of Passing-off* (6th Ed) sets concisely out some of the issues that may arise and factors to consider when considering the ownership of goodwill. It states [footnotes omitted]:

> 3-292 Goodwill is legal property. It can be assigned by the owner, dealt with in other ways, and protected against damaging misrepresentations by the action for passing-off. Goodwill is created by trading activities, but it often happens that more than one business is involved in the sequence which results in goods or services being made available to the consuming public. If so, then the question arises of which of those businesses is the owner of goodwill which the law recognises as damaged when a person passes off his goods or business as those with which the public is acquainted. The problem arises in two main contexts. One is where two or more businesses which have previously worked together fall out. The other is where a passing-off action is brought by a claimant who considers himself damaged by the activities of the defendant but who is not, in law, the owner of any relevant goodwill.
>
> 3-293 The factors which influence the ownership of goodwill were encapsulated by Lord Reid in *Oertli v Bowman*:
>
> > "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.

39. I begin by considering the proprietor's claim to be the owner of the goodwill under the sign. As mentioned, the proprietor's claim to have commissioned the trade mark is irrelevant, as well as uncorroborated. Further, it is my view that his role as DJ and promotor for the cancellation applicant does not entitle him to a claim to the goodwill under the sign. Whilst I note in the article provided at Exhibit HR16 that he is described as "Metros DJ Hywel Ricketts" and it is explained that he is a resident DJ at Metros,

he is clearly providing his services as ‘DJ Hywel Ricketts’. In my view he will not, in this role as DJ and promotor, be considered ultimately responsible for the quality of the services offered under the sign itself, nor would he be considered ultimately responsible if the services under the sign were unsatisfactory. I consider that, if customers purchased tickets for a club night under the sign, and Mr Ricketts then performed DJ set that customers did not enjoy during that night, customers may consider Mr Ricketts to be a poor DJ, but ultimately, they would likely consider that the company running the nightclub under the sign was responsible for hiring the DJ as part of their services. Any formal complaint or refund request would therefore likely be directed at the company running the night and not at DJ Hywel Ricketts himself. Further, I do not consider that in his role as promotor he would in his personal capacity be considered the entity responsible for the quality of the services. Instead, it would be apparent that he was simply responsible for their promotion on behalf of the entity running the services. Whilst it is possible, and indeed seems to be the case that at some stage a company in which he was a shareholder (or director) was responsible for the quality of the services under the sign, he is not and was never in his personal capacity responsible for this.

40. When considering other circumstances which may support or contradict the proprietor’s claim to own the goodwill, I note it does not appear that he has ever previously sought to benefit financially from the cancellation applicant’s use of the sign since 2016 despite claiming to own the goodwill. Whilst this is not determinative, it does point to the fact he likely did not consider himself the owner of the goodwill in the same. Mr Ricketts was clearly aware of the cancellation applicant’s use of the sign and was billing them for his DJ and promotional services and acknowledging the cancellation applicant on those invoices as ‘Metros’.

41. Whilst I note in his counterstatement Mr Ricketts states:

> “The applicant has not paid either myself of my father for the ongoing use of the logo. As a result of this I am pursuing legal action against the claimants business and the applicant personally in the County Court Business Center case number J2QZ647D for non payment of invoices.”

I also I note that the same case has been referred to in his final submissions, where he states he was successful in claiming “unpaid invoices for promotions that used the Trade Mark and dj responsibilities that created the goodwill in the mark”. Further, I consider the statement in the witness statement of Ms Ovcharenko on behalf of the cancellation applicant that no reference to the trade mark or any alleged goodwill forms part of the proceedings mentioned.[28] It appears on balance that these proceedings relate to unpaid invoices for his services including DJ and promotional services under the consultancy/self-employed arrangement between him and the cancellation applicant.

42. Considering the sum of the evidence and the statements provided, and for the reasons set out above, I do not consider the proprietor to be the owner of the goodwill under the sign.

43. Of course, there is no requirement for the proprietor to own the goodwill under the mark in order to protect his registration from an attack by the cancellation applicant under section 5(4)(a). Indeed, what matters is that the cancellation applicant itself is the owner of the goodwill at the relevant date and is therefore in a position to enforce this within these proceedings.

44. I note it has been confirmed by the cancellation applicant that it is “the Holding company” (Trinity Asset Management Cardiff Limited) that acquired the assets of the liquidated company Metropolitan Taverns Ltd. On the sum of the evidence provided by the parties, it appears to me on balance that this party would have held any goodwill that existed under the sign in 2010, although the evidence offers little to establish the level of goodwill that existed at that stage. However, it does not appear to be in dispute that since 2016, the cancellation applicant has, with the consent of this party and under a trading licence, been operating the nightclub under the sign. The question in my mind is, therefore, whether the trading activities of the cancellation applicant have resulted in it owning actionable goodwill under the sign prior to 4 February 2021.

[28] See paragraph 34 of the witness statement of Ms Ovcharenko

45. In order to establish which (if either) of these parties owned goodwill under sign at the relevant date, I therefore refer back to the questions as set out in *Wadlow*, which I have edited below on the basis this matter relates to services and not goods:

> (1) Are the services engaged with on the strength of the reputation of an identifiable trader?

46. It is not in dispute in this instance that goodwill exists under the sign in relation to the services. I therefore consider it likely that a number of consumers of the services will engage with these on the basis of that goodwill under the sign. However, I have no evidence that the public will be particularly aware of the entities behind the sign, as I have no evidence that the cancellation applicant (or the Holding company) is mentioned on any of the promotional material provided.

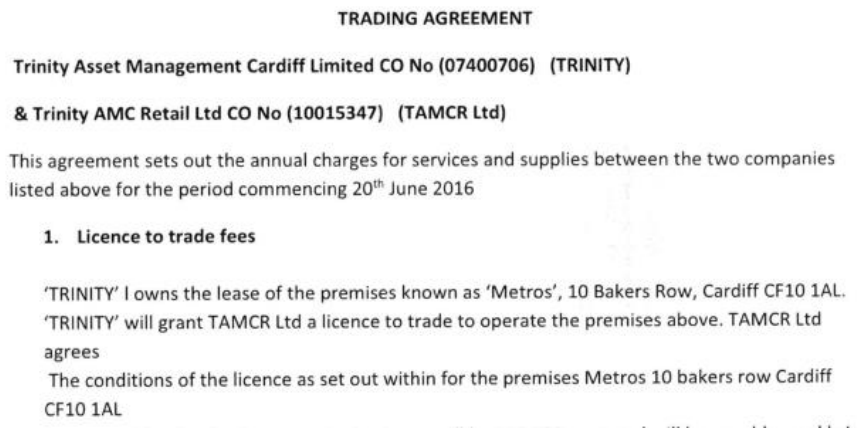
> (2) Who does the public perceive as responsible for the character or quality of the services? Who would be blamed if they were unsatisfactory?

47. It does not, as far as I can see, appear that the actual running of the services under the sign has ever been operated by the Holding company. As mentioned above, it does not appear from the limited material provided, that there is any mention of either the Holding company or the cancellation applicant on the same.

48. However, considering the day to day operating of the services is conducted by the cancellation applicant, and has been since 2016, it is my view that the consumer of the services would on this basis perceive the cancellation applicant to be responsible for the character and quality of the services under the sign. Further, it is my view that they would consider that the cancellation applicant would be to blame should the services be unsatisfactory. As previously discussed, if a particular event, to use an alternative example, a band night, was put on at the nightclub, and the band in question turned up late or not at all, the tickets were oversold and some customers were refused entry, or the drinks service was poor, it is my view that the cancellation applicant responsible under licence for the organisation and running of this event under the sign would be considered responsible and would be the entity to which the consumer complained and from which they expected a refund.

(3) Who is most responsible in fact for the character or quality of the services?

49. As mentioned above, it appears that the cancellation applicant was at the relevant date responsible for the day to day running of the services under the sign and had been since 2016. The trading 2016 agreement states:



TRADING AGREEMENT

Trinity Asset Management Cardiff Limited CO No (07400706) (TRINITY)

& Trinity AMC Retail Ltd CO No (10015347) (TAMCR Ltd)

This agreement sets out the annual charges for services and supplies between the two companies listed above for the period commencing 20th June 2016

1. Licence to trade fees

'TRINITY' I owns the lease of the premises known as 'Metros', 10 Bakers Row, Cardiff CF10 1AL. 'TRINITY' will grant TAMCR Ltd a licence to trade to operate the premises above. TAMCR Ltd agrees

The conditions of the licence as set out within for the premises Metros 10 bakers row Cardiff CF10 1AL

50. It is clear from the above that the trading agreement permits the cancellation applicant to operate the premises under the sign. The trading agreement also goes on to state that it is the responsibility of the cancellation applicant to maintain all insurances and licences required to comply with all regulatory authorities, and to take on all health and safety and police compliance responsibilities of the liquor late night refreshment licence, whilst business rates and 'Superior landlord building insurance' will be paid by the Holding company and recharged to the cancellation applicant. To my mind, this fits with the impression that the cancellation applicant is responsible for ensuring that the services may continue to be offered under the sign, whilst the holding company appears to simply be responsible for ensuring they may continue to operate from the current premises.

51. For completeness, I acknowledge the mention in the trading agreement that it is the Holding company that is responsible for supplying the cancellation applicant with wines, beers, spirits and supplies. The agreement states:

5. Variations to this trading agreement & Supply wines & Spirts

Trinity" will Supply TAMCR Ltd wines beers and sprits & supplies the product remains the property of "Trinity" until paid for by TAMCR Ltd " Trinity " reserves the right to add a supply Charge based on turnover and credit facilities / terms

52. However, whilst this may be a factor when considering who is responsible for the character or quality of goods, it does not, to my mind, render the holding company responsible for the quality of the *services*, namely for the provision of those drinks. It is no different to a restaurant engaging with a third party to supply them with beverages, the restaurant will still ultimately be considered responsible for the character and quality of the *services* for the provision of those beverages by the consumer.

> (4) What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill?

53. I note in the evidence relating to the Holding company providing a trading agreement of a very similar nature to Rockola Bars Ltd between 2013 – 2015. In that respect, I also note Ms Ovcharenko's statement that "… in accordance with that agreement, the Holding Company allowed Rockola to trade the Club and use the Metro's name and the Logo for the defined term of the Licence Agreement. But at all times, the ownership of the intellectual property and assets of the Club (including the Logo) remained with the Holding Company."[29] On the basis that the cancellation applicant were operating under a very similar trading agreement, this in isolation points to this scenario also being the case under its own trading agreement. However, I note the ownership of any goodwill generated through the use of the sign is not explicitly addressed within the trading agreement between the parties, who in this case appear to be at least somewhat connected companies.

54. In summary, it is my view that the cancellation applicant at the relevant dates:

[29] See paragraph 12 of the second witness statement of Ms Ovcharenko

- Was responsible for the character and quality of the services offered under the sign (and had been since 2016); and
- Would have been perceived by the public as responsible for the character and quality of the services offered under the sign.

55. Considering these factors, and based on the evidence before me, it is my view that at the relevant dates the cancellation applicant was the owner of the (non-disputed) goodwill in Cardiff under the sign in respect of the services, generated via its trading activities since 2016.

Misrepresentation

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

> "There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is
>
> > "is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"
>
> The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd*. (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."

57. The inevitability of the public assuming that the user of the sign under which there is goodwill and the user of the registration is one and the same does not appear to be in dispute. I note again that in response to the cancellation applicant's statement that there is goodwill under the sign and that there is a danger that the public will believe that use of the registration would be associated with the cancellation applicant (as the owner of the goodwill), the proprietor agreed with the position other than to dispute

that the cancellation applicant is the owner of the goodwill, and to claim instead that the proprietor is the owner.

58. In any case, the sign for which the goodwill is claimed and the registered trade mark are below:

Sign relied upon	Registered trade mark
	

59. Goodwill in the sign relied upon is claimed in respect of the services below:

Q2. Which goods or services has the earlier right been used for?

Class 41 Entertainment and Class 43 provision of food and drink.

The Applicant trades as an entertainment venue namely a nightclub and discotheque which also serves drinks

60. The registered mark protects the following services:

> Class 41: *Entertainment services provided at nightclubs; Nightclub services; Nightclub services [entertainment].*

Class 43: *Bars.*

61. The sign and the registered mark are highly similar visually and aurally identical. They share the identical dominant and distinctive element, that being the heavily stylised word ‘Metros’. To the extent that they are conceptualised, they will be done so identically, most likely as a reference to an underground railway, or to a ‘metropolitan’ area such as a city. The services in respect of which it is agreed there is goodwill and those registered are identical. Even in the absence of explicit agreement from the proprietor, it is clear that the use of such a highly similar mark in

respect of the registered services in the Cardiff area (which will clearly be covered by the UK wide registration) would inevitably result in a misrepresentation amongst a substantial number of members of the general public (i.e. the cancellation applicant's customers) that the services under the mark derive from the cancellation applicant.

Damage

62. In *Harrods Limited V Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

> "In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

63. It is clear in this case that the misrepresentation that the trade mark under the registration derives from the cancellation applicant will result in damage by way of substitution, with the risk that customers and potential customers of the cancellation applicant's services will be lost to the proprietor. The is also a risk that any dissatisfaction with the services offered under the registered mark would cause damage to the cancellation applicant's goodwill.

Final remarks under section 5(4)(a)

64. As I have found in this case that the agreed upon goodwill under the sign will be owned by the cancellation applicant, and that there will be misrepresentation and

inevitable damage caused on this basis, the cancellation applicant's application for invalidation under section 47(2)(b) and on the basis of section 5(4)(a) of the Act succeeds. Subject to any successful appeal, the registration will therefore be considered as invalid in its entirety.

65. Although the cancellation applicant has already succeeded under section 5(4)(a) of the Act, I consider that an allegation of bad faith is a serious one and should therefore be considered, despite the fact it will no longer have any impact on the outcome of these proceedings.

Section 3(6)

66. 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."

67. 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 Mağazacilik Tekstil Sanayi ve Ticaret AŞ,* Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening,* Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening),* Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening),* Case T-507/08, EU:T:2011:46. It summarised the law as follows:

> "68. The following points of relevance to this case can be gleaned from these CJEU authorities:
>
> 1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can

be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

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

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

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

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

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

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

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

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must

be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

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

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

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

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

68. 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?

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

70. In respect of absolute grounds including section 3(6) of the Act, the relevant date is the date the application was filed. That is 4 February 2021.

71. I will consider this ground using the questions set out in *Alexander Trade Mark* as the structure for my decision.

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

72. In this instance, the cancellation applicant has set out the bad faith claim in the following terms:

> "The rights holder is aware of that use of the identical sign by the Applicant as his father is a shareholder in the Applicant company. Similarly, the Applicant had engaged the services of the rights holder due to that family connection, to undertake various promotional activities on social media for the benefit of the Applicant business and using the identical sign and Metro's name. It is the rights holder's intention to try and prevent the Applicant from continuing use of such sign and has promptly upon securing the registration written to all social media platforms and service providers of the Applicant in a cease and desist manner. It is further asserted that the rights holder has no intention to actually use the trademark but instead has registered it with malicious intent to prevent the Applicants from using the identical sign with which the public associate them. Further or in the alternative, the rights holder is seeking to take advantage of the goodwill and reputation of the Applicant. The Applicant has been in dispute with the right holder prior to their Application for registration of the trademark and correspondence between the rights holder and the Applicant's solicitors is attached and which was exchanged in March 2020. The rights holder did not proceed to make any Application for registration of the trademark until almost 12 months later when government restrictions in light of the Pandemic began to ease and he became aware of the Applicant's intention to recommence

trading the nightclub premises and which is further indicative of the rights holders bad faith in making this Application."[30]

73. It appears to me from the above that the proprietor has been accused of pursuing two objectives. The first is that, knowing of the cancellation applicant's use of the sign, the proprietor applied for the registration (with 'malicious intent') for the purpose of preventing the applicant from continuing to use that sign, with no intent to use the sign himself.

74. In the alternative, the second objective the proprietor has been accused of pursuing is applying for the trade mark registration in order take advantage of the cancellation applicant's goodwill and reputation under the sign.

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

75. In *Copernicus-Trademarks v EUIPO (LUCEO)* Case T-82/14, the General Court found that the filing of EU trade marks for the purposes of blocking applications by third parties, and without an intention to use the mark, was an act of bad faith. Whilst this case refers to the act of blocking applications to register trade marks by third parties rather than the act of blocking future legitimate use of that mark, it is my view that this may also apply where it is the intention of the applicant at the time of filing to solely and without sufficient commercial justification, block a third party's legitimate future use of a mark. This is, in my view, behaviour which departs from accepted standards of ethical behaviour or honest commercial and business practices. I therefore consider that the first objective claimed by the cancellation applicant, namely that the proprietor filed the application with the sole and 'malicious' objective of preventing the cancellation applicant's further use of the mark in the UK is one under which the application could not be properly filed.

[30] The cancellation applicant refers to correspondence attached; however, it was previously flagged by the Tribunal that if the cancellation applicant wished for the documents to be considered as evidence these should be filed during the evidence rounds. The attachments were removed from the amended TM26(I) and filed later in the proceedings as suggested, although reference to these remained.

72. Further I note 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 gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch). I therefore consider that the second claimed objective, that the proprietor filed the trade mark in the knowledge of the cancellation applicant's goodwill under that sign for purpose of taking advantage of that goodwill is also an objective under which a trade mark application cannot be legitimately filed.

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

76. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch).

77. I note in this instance the following facts have been established:

- The cancellation applicant made use of the sign in Cardiff since 2016, and as per my assessment above, was the owner of the goodwill under the sign at the relevant date;
- The proprietor was aware of the cancellation applicant's use of the sign since 2016, and was previously invoicing the cancellation applicant for his DJing and promotional services;
- The arrangement between the parties ended (the cancellation applicant states it ended around March 2020 this does not appear to be disputed);
- There was ongoing conflict between the proprietor and the cancellation applicant in relation to unpaid invoices, which appears to have been ongoing at the time the application was filed;
- The proprietor subsequently won an initial court case against the proprietor for the payment of unpaid invoices in March 2023;

- The day prior to the proprietor's application being filed, he received an email from his father Vivian Ricketts requesting that he "get hold of" the trade mark Metros and the sign and logo. His father was a 50% share holder of the cancellation applicant when the request was received.

78. The cancellation applicant states that after gaining registration for his mark, the proprietor "…sent numerous cease and desist letters to the promotors of the Company's, business in bad faith and to stifle the Company's ability to exploit its intellectual property pursuant to the licence".[31] I note no corroborating evidence is provided in this regard, but there appears to be no denial by the proprietor of this taking place within his final written submissions.

79. In respect of whether the applicant intends to use the mark moving forward, there is no concrete evidence either way. However, I note the proprietor's claims in his counterstatement that he has continued to use the mark on social media, and whilst no further evidence was filed by the proprietor on this point, neither was anything filed by the cancellation applicant to cause me to doubt this claim. Further, I note the proprietor's statement that "…we have financial backing to open a new venue should our legal claim to regain control of the premisses located in Bakers Row fail where we will continue to use the name and registered trademark." The 'we' appears to refer to him and his father. Again, I consider that there is no solid evidence of this financial backing or ongoing use. However, on balance, I do not consider it to have been established that the proprietor's objective in gaining the registration was solely for the purpose of blocking the cancellation applicant's further use of the same, and that he had no intention to use this mark himself. I note at this stage there is no evidence that the proprietor became aware of the cancellation applicant's intention to recommence trading just prior to the filing of the application following the easing of pandemic restrictions, and that it was filed solely to block this with no intent to use. Mr Ricketts provides an alternative explanation for filing the application at this time, which will be discussed in more detail below. As I do not consider it has been properly established that the proprietor had no intention to use the mark, it follows that the first objective claimed has not been established.

[31] See paragraph 27 of the second witness statement of Ms Ovcharenko

80. I therefore consider if it has been established that the proprietor's objective in filing the application was to unfairly benefit or exploit the reputation of a well-known name. In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH,* Case C-529/07, the CJEU stated that:

> "46. […] the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith.
>
> 47. In such a case, the applicant's sole aim in taking advantage of the rights conferred by a Community trade mark might be to compete unfairly with a competitor who is using the sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

81. It has been established in this decision that the cancellation applicant had accrued goodwill under a highly similar sign in Cardiff at the date the application was filed. Further, I note the proprietor was well aware of the use of the sign by the cancellation applicant at the time his application was filed.

82. It submitted by the proprietor in his counterstatement that the filing of the application was for the purpose of "maintain[ing] the high standards and good will that we have created since we brought into Metropolitan Taverns enabling us to proceed with our business in either the premises located in Bakers Row or a new venue."

83. The proprietor therefore concedes in this instance that he intended to register the sign in order to benefit from the goodwill generated under that sign moving forward. Whilst I note the proprietor's claim to be the owner of the goodwill, on balance I find it difficult to accept that he considered himself as an individual as the owner of the goodwill at the time the application was filed. Two factors contribute to this finding. The first is that despite being well aware that the cancellation applicant was trading under the sign, there is no evidence that the proprietor made any attempt to claim ownership, seek payment or seek any benefit as the owner of the goodwill before the breakdown of the relationship with the cancellation applicant. As mentioned previously in this decision, it is my view that considering the statements in the opponent's evidence, the

small number of invoices provided by both parties and the wording of the proprietor's final written submissions that the dispute about 'unpaid invoices' was not in relation to unpaid invoices for the cancellation applicant's use of the sign and the associated goodwill.

84. The second reason, and to my mind the most compelling reason, that I find it difficult to accept that the proprietor believed himself to be the owner of the goodwill under the sign, is that he places considerable emphasises on the fact that he applied for the trade mark on instruction from his father, and makes reference to his father's position as a 50% share holder in the cancellation applicant (and the holding company). In his witness statement, the proprietor claims he registered the trade mark "… in good faith and on the instructions of his Father who was the 50% shareholder of Trinity AMC Retail Limited and Trinity Asset Management Cardiff Limited." In his final written submissions, the proprietor states:

> In the response in Section D (3) 6 The application was made on the instructions of my father as a 50% share holder due to the non payment by the Cancelation Applicant. The 12 months lapsed before making the application for the trade mark was due to Covid and the Trade Mark holder was hoping that the Cancellation Applicant would re-evaluate there position of fraudulently excluding himself and father of the business they had paid for and continue to payo until this day. ***Evidence HR6***

85. I also note the proprietor applied for the trade mark the day after the instruction from his father was received.

86. It is my view that if the proprietor truly believed himself to be the owner of the goodwill in the sign, he would not consider it necessary to take instructions from his father to register the same. That being said, I do consider it possible that the proprietor believed that his father had the authority to consent to his registration of the mark. He was, at the time, a 50% shareholder of the cancellation applicant. The fact he filed an application for the mark the day after the instruction was received points to him doing so unquestioningly, although I have no actual evidence to confirm if a conversation between the proprietor and his father continued after the instructions were received, or what was discussed beforehand.

87. Of course, it appears that any instruction from his father in this respect was issued in a personal capacity, and not on behalf of the cancellation applicant. Further, as a

50% shareholder of the cancellation applicant, his father would have undoubtedly been aware of the trading activities of the cancellation applicant under the sign and the goodwill accrued. In addition, the proprietor makes it explicitly clear above that the filing of the application took place on the basis that the cancellation applicant had not "re-evaluated" excluding himself and his father from the business. I do not accept, in the circumstances, that his father could have all along believed his son to be the owner in the goodwill in the sign under which the cancellation applicant was trading. The proprietor submitted that he and his father intend on using the trade mark in future and either taking over the existing venue or opening a new venue, and I accept this submission. On balance, it is my view from the sum of the evidence and statements filed that the proprietor and his father intended to gain control of the sign by way of registration in order to use this to benefit from the goodwill in that sign moving forward by setting up another business under that sign, despite this clearly (and to my mind obviously so at least to his father), not being the property of the proprietor. It also seems likely they wished to prevent the cancellation applicant from further trading under the sign, at least without their input, although the determination of this element is not required in relation to this objective.

88. In *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation*, BL O/013/05, Professor Ruth Annand as the Appointed Person held that:

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

89. In *John Williams and Barbara Williams v Canaries Seaschool SLU,* BL O/074/10, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, held that:

> "51. It seems to have been a matter of administrative convenience that the opposed application for registration was filed in the name of Andrew Williams' partner, Janet Wills, before being assigned to the Applicant. No argument to the contrary has been raised on its behalf. On the basis of the evidence on file, the knowledge, intentions and motives of Andrew Williams can properly be attributed to the Applicant […]."

It is my view that, even if it *can* be argued that the proprietor applied for the application fully believing his was entitled to do so by way of the instructions received from his father, his father on the other hand would undoubtedly have known the goodwill would be owned by the cancellation applicant (and not his son) and clearly, as is explained by the proprietor, instructed him to file the application following their 'exclusion' from the business for the purpose of taking advantage of that goodwill when him and his son set up their future business separate to the cancellation applicant under the sign. In this case, his father, being a 50% shareholder of the cancellation applicant, to my mind clearly requested his son 'get hold of the trade mark' himself as a matter of administrative convenience. Therefore, whether or not the proprietor considered permission from his father entitled him to file the application, I consider the application has been filed in circumstances which depart from the accepted standards of ethical behaviour or honest commercial and business practices. I therefore find that on balance, it has been established that the application was filed in bad faith in line with the second objective pleaded by the cancellation applicant.

COSTS

90. The cancellation applicant has been successful and is entitled to a contribution towards its costs. Within its final submissions, the representative for the cancellation applicant requested it be awarded its "reasonable legal costs" of £8000 + VAT. Costs awards in proceedings before the Tribunal are intended to be contributory and not compensatory. With this in mind, Tribunal Practice Notice ("TPN") 2/2016 sets out the scale of costs for proceedings such as these commenced on or after 1st July 2016.[32] The cancellation applicant has not requested nor has it provided any reasoning for an award of off scale costs to be given in this matter. Further, there is no obvious reason that a request of this nature would be granted even if it had been made.

91. In the circumstances, and in accordance with TPN 2/2016, I award the cancellation applicant the sum of £1850 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

[32] An updated scale for proceedings commenced on or after 1 February 2023 is provided at TPN 1/2023.

Official fees:	£200
Preparing and filing the TM26(I) and considering the counterstatement:	£400
Preparing the evidence and considering the other side's evidence:	£900
Preparing and filing the written submissions:	£350
Total:	**£1850**

92. I therefore order Hywel Ricketts to pay Trinity AMC Retail Limited the sum of £1850. The above sum should be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this day of 26th day of June 2024

Rosie Le Breton

For the Registrar