O/0949/26

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 3771307
IN THE NAME OF SWEET CENTRE LTD
TO REGISTER THE FOLLOWING TRADE MARK:

SWEET CENTRE

IN CLASSES 29, 30, 35, 39 AND 43

AND

IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 442253
BY SWEET CENTRE RESTAURANT LIMITED

BACKGROUND AND PLEADINGS

1. On 29 March 2022, Sweet Centre Ltd ("the applicant") applied to register the trade mark **SWEET CENTRE** in the UK, under number 3771307 ("the applicant's mark"). Registration is sought for the following goods and services:

Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; including prepared meals and snacks whose main ingredients are proper to this class; soups; potato crisps; dahls, processed chickpeas, and prepared meals consisting primarily of kebab.

Class 30: Syrups; treacle; ice; coffee; tea; cocoa; hot chocolate; chai tea; herbal tea [infusions]; seasonings, flavourings, condiments, chutneys, pastes, preserves, marinades and sauces; chutneys and pastes; sauce mixes; sauce powders; cooking sauces; ready-made sauces; sauces for food; food dressings [sauces]; food seasonings; spices; fruit sauces; curry powder; curry pastes; curry sauces; curry mixes.

Class 35: Retail and wholesale services in connection with the sale of food and drink, Meat, fish, poultry and game, meat extracts, preserved, dried and cooked fruits and vegetables, jellies, jams, eggs, milk and milk products, edible oils and fats, including prepared meals and snacks whose main ingredients are proper to this class, soups, potato crisps, dahls, processed chickpeas, and prepared meals consisting primarily of kebab, Baked goods, Samosas, naan bread, chapati, onion bhaji, cereals and cereal preparations, confectionery, chocolate, desserts, bread, pastry, pastries, cakes, tarts and biscuits, sweets [non-medicated], sweets [non medicated] in the nature of sugar confectionery, starch-based confectionery, milk-based confectionery, chocolate confectionery, syrups, treacle, ice, ice creams, frozen yogurts,

sorbets, ice cream confectionery, iced confectionery [non-medicated], sherbet [confectionery], coffee, tea, cocoa, hot chocolate, chai tea, herbal tea [infusions], foodstuffs in the form of prepared meals, snack foods, seasonings, flavourings, condiments, chutneys, pastes, preserves, marinades and sauces, chutneys and pastes, sauce mixes, sauce powders, cooking sauces, ready-made sauces, sauces for food, food dressings [sauces], food seasonings, spices, fruit sauces, curry powder, curry pastes, curry sauces, curry mixes; advertising, marketing and publicity services; loyalty card and discount card membership schemes, advisory and consultancy services all relating to the aforesaid services.

Class 39: Transport and delivery services; packaging and storage of goods; food and drink delivery services.

Class 43: Restaurant services; café services; bistro services; brasserie services; bar services; grill restaurants; mobile restaurant services; carry-out restaurant services for food and drink; take-out restaurant services for food and drink; preparation of meals or foodstuffs for consumption off the premises; restaurant reservation services; food and drink ordering services; personal chef services; food cooking services; cookery advice; provision and preparation of food and drink; catering (food and drink-); provision of catering services for events, receptions, functions, conferences, banquets and festivals; provision of food and drink for events, receptions, functions, conferences, banquets and festivals; hospitality services (food and drink-); catering services; banqueting services information, advisory and consultancy services in relation to all the aforementioned services.[1]

[1] *Banqueting services information, advisory and consultancy services in relation to all the aforementioned services* appears in the register as one term.

2. Details of the application were published for opposition purposes on 28 April 2023. On 28 July 2023, Sweet Centre Restaurant Limited ("the opponent") opposed the applicant's mark under sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 ("the Act").

3. Under section 5(4)(a), the opponent claims that it has goodwill in its business in relation to which it has used the sign **SWEET CENTRE** in Bradford since 1964. The sign is said to have been used in respect of *Indian and Pakistani foods, restaurant services, catering services, takeaway food services*. The opponent contends that use of the applicant's mark would be contrary to the law of passing off. This is on the basis that it would constitute a misrepresentation that the two businesses are linked, resulting in damage to the opponent's goodwill and a diversion of trade.

4. As for section 3(6), the opponent claims that the applicant's mark was filed in bad faith. The opponent claims that the parties are near neighbours with a prior relationship. It contends that, in attempting to obtain exclusive rights in SWEET CENTRE, the applicant intends to cause it damage by denying it free use of its sign, diverting trade and/or taking unfair advantage of its goodwill and reputation as the original Sweet Centre restaurant which is continuing at the original premises.

5. The applicant filed a counterstatement, denying the grounds of opposition. It denies the opponent's claim of passing off and puts it to proof of its claimed goodwill. The applicant also denies the opponent's claim of bad faith. It explains that the parties were incorporated on the same day in 1998 and refers to their complex history.

6. Both parties filed evidence. A hearing was requested and held before me, by video conference, on 17 July 2025. The opponent was represented by Philip Stephenson of Bailey Walsh & Co LLP. The applicant was represented by Andrew Marsden of Wilson Gunn.

EVIDENCE AND SUBMISSIONS

7. The opponent's evidence is given in the witness statement of Dr Zulficar Ali, together with five exhibits (ZA1-ZA5). Dr Ali is a director of the opponent. He sets out a history of the Sweet Centre business.

8. The applicant filed evidence in the form of witness statements from Liaqat Habib and Haroon Habib, the latter accompanied by seven exhibits (HH1-HH7).[2] Mr L Habib is a director of the applicant. He provides details of the establishment of the Sweet Centre business. Mr H Habib is the manager of the applicant. He gives evidence of use of the applicant's mark. The applicant also filed written submissions alongside its evidence.

9. The opponent filed evidence in reply consisting of a second witness statement from Dr Ali and seven further exhibits (ZA6-ZA12). He provides further evidence as to the Sweet Centre business, including turnover figures.

10. Following a request to file additional evidence, which was granted by the Tribunal, the applicant filed a witness statement from Mr Marsden and one exhibit (AM1). Mr Marsden is a trade mark attorney employed by the applicant's representatives. He responds to Dr Ali's evidence in reply and provides copies of the applicant's accounts. This evidence was also accompanied by written submissions.

11. I have taken all the evidence and submissions (including those made orally at the hearing) into account in reaching my decision and will refer to them below where necessary.[3]

[2] Mr H Habib's evidence was introduced under cover of a witness statement from Mr Marsden and Exhibit AM1. However, given there is another witness statement and exhibit of the same name, I shall refer to Mr H Habib's evidence by its own internal labelling. I reserve references to Exhibit AM1 for Mr Marsden's later filing.

[3] Exhibits ZA5, ZA8, ZA11 and ZA12 consist of video clips filed as electronic evidence. For the avoidance of doubt, I confirm that I have viewed all the video clips provided.

DECISION

Section 5(4)(a)

Legislation and general principles

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

> "(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—
>
> > (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,
> >
> > […]
>
> 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."

13. 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."

14. 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)."

15. *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."

16. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (at 223-224):

"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."

17. As for misrepresentation, in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt LJ 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."

18. Later in the same judgment, it was stated that:

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

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

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

20. In *Harrods Limited v Harrodian School Limited* [1996] RPC 697, Millett LJ described the requirements for damage in passing off cases:

> "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."

21. The prima facie relevant date for the purposes of the assessment under this ground is the filing date of the applicant's mark, namely 29 March 2022 ("the relevant date").

The factual background

22. It is common ground in these proceedings that a business operating under the name Sweet Centre has operated in Bradford since 1964. There is a disagreement regarding precise details of that business' origins. Dr Ali's evidence is that the original business was opened on 12 December 1964 at 110 Lumb Lane by Mohammed Bashir (his father) and Abdul Rehman (his uncle). Mr L Habib's evidence is that Mr Bashir did not arrive in the UK until 1969, the implication being that Mr Rehman (his father) was solely responsible for the business' creation. However, it is not necessary for me to resolve the dispute regarding Mr Bashir's arrival in the UK.

23. Dr Ali says that the business was founded to cater for the growing market for Pakistani and Indian food. Mr L Habib says that, in the beginning, the business offered Asian sweets, Desi breakfast, kebabs and samosas; a restaurant was then opened in

1969. After experiencing immediate success, Dr Ali says that the adjacent properties at 112 and 114 Lumb Lane were added to the premises.

24. Documentary evidence in the form of annual accounts demonstrates trading under the name Sweet Centre from 1972 onwards.[4] The business is variously referred to in the accounts as *"A. REHMAN AND BROTHERS T/A SWEET CENTRE"*, *"MESSRS. A. REHMAN & M. BASHIR T/A SWEET CENTRE"* and, later, simply *"SWEET CENTRE"*. The sales figures in the accounts show a turnover steadily increasing from £13,761 in 1971 to £219,528 in 1991. According to Dr Ali, the business was incorporated in 1993 as Sweet Centre & Restaurant (UK) Limited ("SCRUL"). In my view, it is reasonable to infer that there was an effective transfer of any goodwill generated by the original business to SCRUL upon its incorporation. The accounts for 1993 relate to this company, with sales figures for that year recorded as £344,552.

25. Following incorporation, Dr Ali says that SCRUL continued trading from 110-114 Lumb Lane with him and Mr L Habib, amongst others, as directors. This was the existing state of affairs until 1998, when he and Mr L Habib established the opponent and applicant. Printouts from Companies House show that the applicant was incorporated on 3 August 1998.[5] According to Dr Ali, the intention was that the opponent would operate the original restaurant from 110-114 Lumb Lane, whilst the applicant would operate a takeaway sweet shop at new premises, namely 106 Lumb Lane.

26. In 2001, having both originally been directors of both companies, Dr Ali and Mr L Habib agreed to separate their business interests. The opponent was to continue to operate the restaurant and Mr L Habib was to operate the newer premises. Dr Ali explains that both individuals transferred their ownership in the respective businesses to each other. It was further agreed that Dr Ali would not have any involvement in a takeaway sweet shop and/or fish and chip shop using the name The Sweet Centre, and Mr L Habib would not have any involvement in a restaurant using the name Sweet Centre Restaurant.

[4] Exhibit ZA1. The accounts cover 1972-1980, 1984-1988, 1990, 1991 and 1993. Each annual account is for the year ending 30 April.
[5] Exhibit HH1

27. A copy of an *"exchange agreement"* signed by these individuals *"relating to"* the opponent and the applicant, dated 11 October 2001, is in evidence.[6] The operative parts of the agreement appear to be as follows:

> "**2. AGREEMENT FOR EXCHANGE**
>
> 2.1 Subject to the terms and conditions of this agreement [Mr L Habib] shall transfer the [share in the opponent] with full title guarantee to [Nagina Ali, of the same address as Dr Ali] in consideration of [Dr Ali] transferring the [share in the applicant] with full title guarantee to [Mohammed Rehman, of the same address as Mr L Habib].
>
> […]
>
> 2.4 In consideration of [Dr Ali] assigning his interest in the café premises in accordance with clause 2.5 [Mr L Habib] hereby transfers and assigns with full title guarantee his equitable and beneficial interest in the restaurant premises at 110 to 114 Lumb Lane, Bradford, registered title number WYK520982.
>
> 2.5 In consideration of [Mr L Habib] assigning his interest in the restaurant premises in accordance with clause 2.4 [Dr Ali] hereby transfers and assigns with full title guarantee his equitable and beneficial interest in the café premises at 106 Lumb Lane, Bradford and 1 Bowland Street, Bradford, registered title number WYK520982."[7]
>
> […]
>
> **5. RESTRICTIVE AGREEMENT**
>
> 5.1 For the purpose of assuring to [Mr L Habib] the full benefit of the business and goodwill of [the applicant]:

[6] Exhibit ZA2
[7] The same title number appears for both properties in the agreement. However, nothing in this decision appears to turn on that.

5.1.1 [Dr Ali] undertakes by way of further consideration not to have any direct or indirect involvement in a takeaway sweet shop and/or a fish and chip shop within a radius of 5 miles of 106 Lumb Lane, Bradford, West Yorkshire for a period of 3 years following Completion however for the avoidance of doubt [Dr Ali] will be permitted to continue his involvement with the takeaway business as currently carried on by [the opponent company] which does include the sale of sweet desserts but not the sale of metai sweets;

5.1.2 [Dr Ali] undertakes by way of further consideration not to have any direct or indirect involvement in a takeaway sweet shop and/or a fish and chip shop using the name "The Sweet Centre" following completion;

[…]

5.2 For the purpose of assuring to [Dr Ali] the full benefit of the business and goodwill of [the opponent]:

5.2.1 [Mr L Habib] undertakes by way of further consideration not to have any direct or indirect involvement in a takeaway selling Asian curries or any restaurant within a radius of 5 miles of 110 Lumb Lane, Bradford, West Yorkshire for a period of 3 years following Completion;

5.2.2 [Mr L Habib] undertakes by way of further consideration not to have any direct or indirect involvement in a restaurant using the name "The Sweet Centre Restaurant" following completion;

[…]"

28. After this agreement, both parties continued to openly trade under the name Sweet Centre. The opponent's restaurant appeared in an episode of 'Britain's Top Takeaways', which aired on BBC Two.[8] Sweet Centre was described as *"a Bradford*

[8] Exhibits ZA4 and ZA5

favourite" in information about the episode and *"a well-known institution"* by the narrator, Sara Cox. However, I bear in mind that the programme aired on 10 May 2022, i.e. after the relevant date. The restaurant also featured in an episode of 'Len & Ainsley's Big Food Adventure'.[9] Before entering the restaurant, Ainsley Harriott described it as *"the best Pakistani food of the North"*. Whilst the episode was clearly broadcast by the BBC, no information is provided regarding when it aired. Moreover, the restaurant was the subject of a segment on BBC local television news.[10] The segment detailed a two-day celebration of the 50th anniversary of the opening of the restaurant, which took place at 110 Lumb Lane in December 2014. Furthermore, the restaurant featured in an episode of 'Our Great Yorkshire Life', said in Dr Ali's unchallenged narrative evidence to have been broadcast in 2021.[11] The reporter had a conversation with an employee who Dr Ali says has worked at Sweet Centre continuously since the 1970s.

29. The Sweet Centre restaurant at 110-114 Lumb Lane also featured in an article dated 23 October 2011 in *The Independent*, written by the editor of 'The Good Curry Guide'.[12] The restaurant was listed ninth of the author's favourites from the Guide's 'Top 100' list. The 50th anniversary celebrations for the restaurant were also reported in *Asian Express* on 11 December 2014 and 19 December 2014.[13] The former described the restaurant as *"world renowned"* and a *"household name"*. The latter described a plaque-unveiling ceremony on the 50th anniversary. Former MP George Galloway gave a speech at the event.[14]

30. Dr Ali provides turnover figures for the opponent's business, which include the following:[15]

[9] Exhibit ZA5
[10] Exhibit ZA8
[11] Exhibit ZA12
[12] Exhibit ZA3
[13] Exhibits ZA9 and ZA10
[14] Exhibit ZA11
[15] I acknowledge that a proportion of the turnover given for 2022 is likely to have been generated after the relevant date.

Year	Turnover (£)
2009	382,958
2010	374,327
2011	-
2012	344,807
2013	325,670
2014	334,044
2015	324,572
2016	325,421
2017	254,109
2018	313,514
2019	308,773
2020	292,404
2021	182,251
2022	314,730
Total	4,077,580

31. The applicant's evidence also points to an established business. Dr Ali's narrative evidence suggests that the applicant began trading from 106 Lumb Lane immediately after incorporation, or at least by the time of the 2001 agreement. The annual accounts in evidence provide support for this; they show trading dating back to 2000-2001.[16]

32. Printouts from the applicant's website (sweetcentrebradford.co.uk), obtained via the Wayback Machine and dated 27 February 2017, 17 March 2018 and 17 April 2019, are in evidence.[17] The domain was created in 2016.[18] In 2019, the website stated that *"[s]ince 1964, Sweet Centre has been renowned for its authentic Asian snacks and sweets […] Stop by to enjoy handmade favourites like crispy samosas, tender kebabs, mouth-watering chana puri and of course our famous sweets and mithai"*. In 2017 and 2018, the website also claimed that the applicant was established in 1964. The

[16] Exhibit AM1. Each balance sheet was made up to 31 January in the given year.
[17] Exhibit HH3. The printouts from the Wayback Machine contain 'date stamps'. For example, *"[…]web.archive.org/web/20180317[…]"* shows that the website was 'crawled' on 17 March 2018. On this point, see *Ben Arnold v Aikon International Limited*, BL O/0408/23, paragraphs 33-34.
[18] Exhibit HH2

printouts show the offering of a breakfast dish (chana puri, consisting of spicy chickpeas and fried chapatis), kebabs, samosas, pakoras, condiments, naan breads, sweets and desserts (including mithai), and beverages (including coffees, teas, and soft drinks). For many of the dishes listed on the website, take-out and eat-in options were available. A further printout from the website is in evidence, which features an image of a restaurant interior and shows that food and drinks can be ordered from Sweet Centre via Uber Eats, Just Eat and Deliveroo.[19] However, this printout was obtained on 7 December 2022, i.e. after the relevant date.

33. The applicant also operates Facebook and Instagram accounts.[20] The Sweet Centre Facebook account was created on 9 January 2011 and had over 15,000 likes and followers as of 7 December 2022. Several posts were made in August to November 2022,[21] and one on 8 August 2016 had 56 reactions and 19 shares. The latter post featured a photograph of the Sweet Centre's interior, showing signage above the counter for *"Take Out"* and *"Eat In"*. Mr H Habib says that the Instagram page was created in July 2013. As of 7 December 2022, it had 6,457 followers.

34. I reflect here that the Facebook post from 8 August 2016 and the printout of the website from 27 February 2017 are the earliest indications in the evidence of the actual business that was being conducted by the applicant. Whilst indicative of trading activity at a much earlier point in time, the annual accounts referred to above do not cast any light on the actual activities being carried out, and there is no documentary evidence in this regard covering the intervening period. Dr Ali's unchallenged narrative evidence and the 2001 agreement entered into by Mr L Habib both suggest that the intention at the outset was that the applicant was going to operate a takeaway sweet shop and/or a fish and chip shop.

35. The applicant's Sweet Centre featured in an article published by *Munchies* (*Food by Vice*) in February 2018.[22] The article discussed the applicant's breakfasts and confectionery, and the author described it as *"the first Asian restaurant to open in*

[19] Exhibit HH2
[20] Exhibit HH4
[21] As no year is given, I infer that these posts were made in the given months in the year that the printouts were obtained, namely 2022.
[22] Exhibit HH5

Bradford in 1964". The applicant's Sweet Centre was also awarded 'Best Family-Owned Asian Snacks & Sweets Restaurant – West Yorkshire' in the UK Enterprise Awards on 19 April 2022 and a 'Certificate of Excellence' by Restaurant Guru some time before 1 June 2022.[23] However, I note that these awards were communicated after the relevant date.

36. From photographs provided by Mr H Habib, it is apparent that the applicant's menu covers breakfasts (such as chana puri), lunches (such as curries and naan breads), all day options (such as samosas and kebabs), a range of beverages, sweets and desserts (including mithai).[24] The same range of food and drinks appears to be offered by Sweet Centre through its Just Eat and Uber Eats accounts.[25] However, since the photographs and printouts from these platforms are undated, I infer that this reflects the position at the date of Mr H Habib's statement, namely 14 December 2022. This is after the relevant date.

37. Mr H Habib provides the following turnover figures for the applicant's business:

Year	Turnover (£)
2016	644,574
2017	492,668
2018	620,633
2019	623,986
2020	698,786
2021	644,982
Total	3,725,629

38. Whilst the annual accounts referred to above do not contain any turnover information, the profit and loss accounts indicate profits of £15,104 in 2001, £28,634 in 2004, £45,995 in 2005 and £52,354 in 2006.

[23] Exhibit HH5
[24] Exhibit HH6
[25] Exhibit HH7

39. From the evidence as a whole, I find that:

(i) A business operating under the name Sweet Centre has traded in Bradford since 1964.

(ii) In 1998, the opponent and applicant were incorporated. At this point, the business activities associated with SCRUL were divided, with both parties continuing to trade under the name Sweet Centre from different premises on Lumb Lane.

(iii) In 2001, Dr Ali and Mr L Habib, who had been directors of both the opponent and applicant, entered into an agreement to separate their respective business interests. The agreement referred to the business and goodwill of each party and contained reciprocal restrictive covenants.

(iv) By 2016-2017, the applicant was offering a range of Asian foods and drinks from 106 Lumb Lane, with both take-out and eat-in options. By then, the foods did not appear to include fish and chips. Neither were they limited to sweets.

(v) By the prima facie relevant date, the opponent had established substantial trading activities under the name Sweet Centre in connection with its restaurant business.

(vi) The applicant had also established substantial trading activities under that name in connection with its own business.

(vii) Both parties have relied upon their common history and connection with the original Sweet Centre business.

Did the opponent own goodwill at the relevant date?

40. Having regard to my summary of the evidence and findings of fact above, I am satisfied that the opponent had accrued a protectable goodwill by the relevant date in relation to its restaurant business operated from 110-114 Lumb Lane. Although the

opponent's evidence is rather limited in respect of actual use of the sign, it is clear that, since its incorporation and the respective business interests of Dr Ali and Mr L Habib were separated, the opponent has operated a business under the SWEET CENTRE sign at the original restaurant premises. In respect of the years for which figures were provided, the opponent's annual turnover ranged from £182,251 to £382,958 between 2009 and 2021. In that period, the turnover totalled £3,762,850. Some additional turnover is likely to have been generated in 2022 before the relevant date, though I cannot quantify it from the evidence. Moreover, the evidence demonstrates public recognition of the opponent's business through newspaper articles, television appearances and coverage of its 50th anniversary celebrations. In particular, I note the article in *The Independent* in 2011 and the BBC's coverage of the restaurant's 50th anniversary in 2014. On the basis of the evidence, I am satisfied that the goodwill existed in Bradford, as pleaded by the opponent.

41. However, in my view, the opponent cannot rely on all the goodwill which had been generated by the original business and SCRUL prior to the creation of the parties. Whilst the opponent has continued in the same premises, there is no documentary evidence tracing the ownership of the goodwill generated by the earlier businesses. As explained above, it is a reasonable inference that any goodwill generated by the original business was transferred to SCRUL. Nevertheless, the evidence does not establish whether, in what proportions, or how, any goodwill held by SCRUL passed to the parties upon their creation or subsequently. I am unable to ascertain whether, for instance, the goodwill was assigned to one, both, or neither of the parties. It seems to me that, at most, only a share of any goodwill generated prior to 1998 could be properly claimed by the opponent. The evidence does not suggest that Mr L Habib left the opponent to form the applicant and begin an entirely new venture. Rather, the evidence indicates that the parties were created contemporaneously as part of a division of the trading activities associated with the original business and subsequent corporate form.

Effect of the applicant's own use

42. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Daniel Alexander QC, sitting as the Appointed Person, considered the

position under section 5(4)(a) where the applicant or both of the parties have used the mark at issue prior to the date of the application to register the contested mark. He explained that:

> "41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):
>
> > (a) The right to protection conferred upon senior users at common law;
> > (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
> > (c) The potential for co-existence to be permitted in accordance with equitable principles.
>
> 42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application."

43. In *Smart Planet Technologies, Inc. v Rajinda Sharma*, BL O/304/20, Thomas Mitcheson QC, sitting as the Appointed Person, pointed out that *"the start of the behaviour complained about"* is not the same as the date that the user of the applied-for mark acquired the right to protect it under the law of passing off. Rather, it is the date that the user of that mark committed the first external act about which the other party could have complained (if it knew about it) as an act of actual or threatened passing off. Typically, this will be the date when the first offer was made to market relevant goods or services under the mark. However, it could also be the date that the

first public-facing indication was made that sales were proposed to be made under the mark in future. If the user of the applied-for mark was not passing off at the time such use commenced (usually because no one else had acquired a protectable goodwill under a conflicting mark at that time), they will not normally be passing off by continuing to use the mark. This means that if A starts to use a mark, and continues to use it in the same way, they will not be passing off as B, even if B acquires a protectable goodwill under the same or similar mark before A does.

44. Although I am satisfied that the SWEET CENTRE sign was distinctive of the opponent's goodwill at the relevant date, the evidence also establishes that the applicant had conducted substantial trading activities under the SWEET CENTRE sign. The evidence indicates that the applicant likely commenced business activities by reference to the sign immediately after incorporation and, in any event, was trading by 2000-2001. The applicant created a website in 2016, and this has been active since at least February 2017. It also created social media accounts in 2011 and 2013. The applicant's business was the subject of a *Munchies* article in 2018. The applicant's business generated profits (albeit modest) between 2001 and 2006 and accrued over £3.7 million in turnover between 2016 and 2021. The applicant's business included providing food and drinks from 106 Lumb Lane. Initially, it seems that the intention was for the applicant to operate a takeaway sweet shop and/or a fish and chip shop at those premises. There is no direct evidence of the actual business being conducted by the applicant until the Facebook and website evidence from 2016 and 2017, by which time it seems that the applicant was offering a range of Asian foods and drinks, with both take-out and eat-in options. On the basis of the evidence before me, I find that the applicant had generated its own goodwill by the relevant date.

Concurrent use and consumer perceptions

45. In *Intime Express Logistik GmbH v In Time Express Europe SL*, BL O/558/22, Geoffrey Hobbs KC, sitting as the Appointed Person, considered the impact of concurrent goodwill in relation to two companies operating in the same field. Mr Hobbs said:

> "24. […] Conflicts existing or arising between [the parties] within that area of trading activity fell to be determined consistently with the principles applied for the purpose of resolving issues as to priority in actions for passing off. Where there is conflict: (a) the senior user prevails over the junior user; (b) the junior user cannot deny the senior user's rights; (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so (*Croom's Trade Mark Application* [2005] RPC 2; BL O/120/04 (28 April 2004) at paras [45] and [46]).
>
> 25. Point (c) allows for use which might originally have been actionable in passing off to be treated as acceptable having regard to the state of equilibrium which has subsequently arisen in the relevant section of the market. This recognises that consumers tend to adjust their perceptions and adapt over time to the reality of concurrent use of marks and signs. In such circumstances, a claim for passing off is liable to fail on the basis that the claimant and the defendant are each entitled to continue using the business indicia they have been using."

46. Mr Hobbs concluded that the applicant had built up its own protectable goodwill in the period between its first use (in November 2004) and the relevant date (in October 2016). He held that it would have been inequitable at the relevant date for the opponent to assert any right it might previously have had to object under passing off law; he rejected the opposition on the basis that the opponent did not, at the relevant date, have an enforceable right in passing off law to prevent use of the contested trade mark.

47. In *Match Group, LLC & Ors v Muzmatch Ltd & Anor* [2023] EWCA Civ 454, Arnold LJ held (at paragraphs 115-117) that use which was initially infringing could eventually cease to be infringing if the trade mark proprietor took no action, there was substantial parallel trade for a long period, and as a result the trade mark and the sign came to be understood by the relevant class of consumers as denoting the goods/services of more than one trader. Therefore, it appears that there is no requirement that the use did not constitute passing off when it first started. The key consideration under the law of passing off is whether, because of the parties' established concurrent goodwill, it is no

longer equitable for the senior user to prevent the junior user from continuing to use its mark. However, where the defendant clearly intended to pass itself off as the claimant, or has subsequently acted in such a way so as to exacerbate the level of confusion/deception, it will be difficult for the junior user to show that it would be entitled to an equitable defence to passing off based on its concurrent use.

48. It is clear from the evidence that the applicant adopted the SWEET CENTRE sign before the relevant date; its use predates it by many years. The applicant relies on the same origin as the opponent, and it seems that both Dr Ali and Mr L Habib acknowledged that it had its own goodwill at the time of the 2001 agreement. Annual accounts for the applicant dating back to 2001 are in evidence, and there is also evidence of use from 2016 onwards. The applicant's evidence demonstrates that it has provided a range of food and drinks from its premises at 106 Lumb Lane, including but not limited to Asian confectionery.

49. The 2001 agreement ostensibly concerned the exchange of Dr Ali's shares and interest in the applicant for Mr L Habib's in the opponent. However, it is clear from the agreement that Dr Ali and Mr L Habib contemplated the continuation of distinct trading activities through, or in connection with, the opponent and the applicant. Moreover, clauses 5.1 and 5.2 expressly referred to *"the business and goodwill of"* the opponent and the applicant. Although this is not direct evidence of goodwill itself, it does indicate that the controlling minds of the parties recognised that, at that time, there was goodwill associated with both parties. Dr Ali and Mr L Habib both agreed to restrict their *"direct or indirect involvement"* in business activities relating to the SWEET CENTRE sign, but the applicant was not prohibited from all use of the same. In particular, through clauses 5.2.1 and 5.2.2, Mr L Habib agreed not to have involvement in *"a takeaway selling Asian curries or any restaurant within […] 5 miles of 110 Lumb Lane […] for 3 years"* or *"a restaurant using the name "The Sweet Centre Restaurant" following completion"*. However, the agreement proceeded on the basis that *"a takeaway sweet shop and/or a fish and chip shop"* would continue in connection with the applicant's side of the arrangements, as per clauses 5.1.1 and 5.1.2.

50. By the relevant date, there had been around 20 years of concurrent use from premises on the same street in Bradford. There is nothing in the evidence to suggest

that the applicant's business was passing off at its point of commencement. The creation of the applicant and the beginning of its trading activities were clearly part of the separation of the original business; both parties were in full knowledge of one another and had effectively agreed to coexist from the very beginning of their respective businesses. The evidence does not suggest that the applicant's trade has been limited to the areas detailed in the 2001 agreement. The applicant has clearly used the sign in respect of foods which cannot be said to be either confectionery or fish and chips, and the evidence suggests that customers could eat-in at the premises. The evidence shows that this has been the case since at least 2016-2017. Even if this represented a departure from the original agreement between the parties, the evidence indicates that the applicant had traded from 106 Lumb Lane since at least 2000-2001 and had openly offered a range of Asian foods and drinks from those premises, with both take-out and eat-in options, since at least 2016-2017. It cannot reasonably be in doubt that the opponent has known about the applicant's trade throughout the period of concurrent trading since the formation of the applicant and then the 2001 agreement. Any changes to the way in which the applicant has been trading, such as offering eat-in dining or different types of food, would have been evident to the opponent. Both parties have traded under the SWEET CENTRE sign in very close proximity and generated substantial goodwill by reference to it.

51. It is also the case that the relevant public is likely to have encountered both businesses under the SWEET CENTRE sign. The opponent and the applicant both have premises on the same street in Bradford. The relevant public may also have been exposed to the opponent's business through the dated press and television coverage, and the applicant's business through its website, social media accounts, and press coverage. In my view, it is sufficiently clear from the evidence that consumers in Bradford would reasonably have been aware of both businesses trading under the SWEET CENTRE sign. I do not consider that the sign was exclusively distinctive of the opponent's goodwill; it also identified the applicant's business.

52. Both parties have relied upon their common history and connection with the original Sweet Centre business. For instance, the applicant claimed to have been in operation since 1964 on its website. The opponent made the same claim through its public celebrations of a 50th anniversary in 2014. Both parties have used the SWEET

CENTRE sign and have operated on the same street in Bradford for around 20 years. From the evidence, it is difficult to determine how consumers would have perceived the precise nature of the relationship between the parties. However, I do not consider that the evidence indicates that consumers were likely to have perceived the parties as entirely unrelated traders; consumers encountering the parties' businesses are likely to have understood them to share at least some connection. That inference arises from their use of the identical name, their close geographical proximity and their respective public claims to the same history dating from 1964. Indeed, that is precisely the impression that the parties appear to have attempted to cultivate by referring back to their common history.

Did the opponent have a passing off right against the applicant at the relevant date?

53. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited* [2013] EWPCC 18, Iain Purvis QC, sitting as a Deputy Judge, stated as follows:

> "60. The second [type of circumstances in which a defence based on honest concurrent use may exist] are 'common ancestor' cases where both parties originally derived their use of the name legitimately from the same source and have since traded under the name alongside one another. The most famous example of this is the clockmaker case of Dent v Turpin (1861) 2 J&H 139 quoted by Jacob LJ in Phones 4U at 22. There, father Dent had two clock shops in London and had bequeathed one each to his two sons. Both traded legitimately as Dent, and it is clear that neither could have brought an action to stop the other. Either or both was entitled to bring an action to stop a third party, Mr Turpin, from using the Dent name. Other examples can be seen on the facts of *Habib Bank v Habib Bank [1982] RPC 1* and *Sir Robert McAlpine v Alfred McAlpine [2004] RPC 36*. McAlpine is also an illustration of one of the limits of the doctrine: if the Defendant starts to trade in a way which is materially different from the way in which he has legitimately built up his own goodwill, so as to cause confusion with the Claimant (in that case it involved a change in the use of the sign itself, by dropping the distinguishing identifier 'Alfred', but other instances might involve a change of business practice such as moving to a

different geographical area), then the honest concurrent use defence will not help him.

61. The authorities therefore seem to me to establish that a defence of honest concurrent use in a passing off action requires at least the following conditions to be satisfied:

(i) the first use of the sign complained of in the United Kingdom by the Defendant or his predecessor in title must have been entirely legitimate (not itself an act of passing off);

(ii) by the time of the acts alleged to amount to passing off, the Defendant or his predecessor in title must have made sufficient use of the sign complained of to establish a protectable goodwill of his own;

(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."

54. In *Sir Robert McAlpine Limited v Alfred McAlpine Plc* [2004] RPC 36, Mann J considered the position where one of the users of a name in which both shared goodwill (McAlpine) dropped part of the name (Alfred) which distinguished it from the other user (Robert McAlpine) and asked himself whether that caused damage to the other user's goodwill:

"50. Is this sort of loss made out here? It seems to me that it certainly is. Before the rebranding, the co-owners of the goodwill co-existed and exploited the name, and benefited from it, in whatever manner they could. But at all times their activities in that respect were as a matter of fact constrained by the fact that an identifier was added to make it clear which party was speaking or being referred to. That identifier was available not only to the parties, but was also available to third parties such as the press and the construction industry

generally. The exploitation was carried out without misrepresentation, and without either party taking steps to suggest that it was the sole owner of the name. That has now changed. Alfred has taken steps which suggest that it is the sole owner of the name, and to do that is to affect the value of the name to Robert because it starts to elbow it out—it deprives Robert of some of the value of the name to itself, and it blurs or diminishes Robert's rights. So to hold is not to let the metaphor govern the principle; it is to acknowledge the principle and to acknowledge the usefulness of the metaphor in expounding it. It is no answer to say that Robert could also call itself McAlpine (as was suggested in the trial). The fact is that Alfred has sought to do so, and it cannot escape the consequences by saying that Robert could do that as well if it wanted.

51. Another way of looking at this point is to consider the "punching above its weight" point. This phenomenon, identified by Fishburn or some of its interlocutors, gives each company the benefit of an impression that it might be bigger than it actually is. To do so is to some extent to live off the goodwill of the other. While each company takes steps to hold itself out as separate from the other by means of an appropriate identifier, neither can complain if the other has this benefit. It has become a necessary consequence of the shared goodwill, and something to which each has effectively consented. However, once one of them goes further, and actively looks to increase this effect by adopting the jointly owned name as its principal identifier, then it is likely to increase the effect. That is damaging to the co-owner because it does in a genuine way deprive him of part of the value of the goodwill; and it achieves it by a misrepresentation, which makes it passing off. In this case I find that it is likely that that effect will be increased, and that that is damage for the purposes of passing off. It is no answer to say that this is a mutually beneficial effect. It is no answer for a defendant to say that its goods are of a higher quality than the claimant's; so it is no answer for Alfred to say that Robert too can punch above its weight as a result of Alfred's positive passing-off activities."

55. I do not consider that the names used by the applicant are problematic in the sense of the circumstances described in *McAlpine*. In 2001, the intention was for the applicant to trade under the name *"The Sweet Centre"*. Using the SWEET CENTRE

sign in plain font, as can be seen on the website and social media accounts, is not a material departure from that. The applicant has also used the following figurative sign in conjunction with the SWEET CENTRE sign, since at least 2016, as a header on its website and as the profile picture of its social media accounts:



56. Whilst still prominently using the initials 'SC', the sign does not actually feature the words 'SWEET CENTRE' at all. Whilst the initials may be perceived as a reference to that name, use of this additional sign is not a material departure which is likely to have caused an issue for the opponent. As a whole, though not the applicant's only or main sign, if anything it acts as a point of distinction between the parties.

57. The opponent was aware, or must have been aware, of the applicant's use of the SWEET CENTRE sign and the figurative sign for many years. The complaint seems to be the scope of protection which would be afforded to the applicant's mark if it became registered.

58. In 2001, the distinction which appears to have been contemplated was *"a restaurant using the name "The Sweet Centre Restaurant""* for the opponent, and *"a takeaway sweet shop and/or a fish and chip shop using the name "The Sweet Centre""* for the applicant. By the relevant date, it is clear that this distinction had not been strictly adhered to. The applicant's business activities appear to have been conducted from 106 Lumb Lane at all relevant times since their commencement. However, the printouts of the applicant's website show that, in 2017, 2018 and 2019, the applicant was offering a range of Asian foods and drinks. This did not include fish and chips and was not limited to sweets. As set out at paragraph 32, the website showed a range of

Asian meals, snacks, confectionery and drinks, with both take-out and eat-in options. That consumers could order takeaways or eat in at the premises is also clear from the Facebook post in August 2016, in which signage for these options can be seen displayed above the counter. By the relevant date, the applicant's establishment already appears to have developed into a restaurant. It was described as such prior to the relevant date by third parties, most notably the *Munchies* article from February 2018. The applicant's trade was conducted in the open, from the same street as the opponent's establishment.

59. I note that online ordering and delivery services did not feature on the website until after the relevant date. Although Mr H Habib gives narrative evidence that customers could order delivery (in addition to dining in, ordering takeaway or purchasing from the in-store counter) in December 2022, there is no evidence that this was the case before the relevant date. References to online ordering, deliveries and third-party delivery platforms appear in the social media evidence, but only in printouts which reflect the position at the date of Mr H Habib's statement in December 2022, i.e. after the relevant date.

60. The opponent's established trade by the relevant date was as a restaurant and takeaway specialising in Asian cuisine. In the ordinary course of things, normal and fair use of the applicant's mark is likely to have amounted to a damaging misrepresentation; the applicant's mark is identical to the opponent's sign and at least some of the applied-for goods and services are in the same field of activity as the opponent's business. However, the applicant is not a newcomer or an unrelated third party. Although the particular items of food offered by the parties may have differed, it is sufficiently clear that the applicant's business already overlapped with the opponent's field of activity by the relevant date: they were both already operating Asian restaurant and takeaway businesses by at least 2016-2017. The applicant had already established its own goodwill through trading under the SWEET CENTRE sign, and consumers in Bradford had been exposed to its business.

61. Even if the change to an eat-in establishment (as opposed to a takeaway) and/or the move towards Asian cuisine (rather than fish and chips and sweets) could have amounted to passing off in accordance with *McAlpine*, given that it had been ongoing

for at least five years by the relevant date, it is my view that it would no longer be equitable to allow the opponent to restrain the applicant's activities through a passing off claim. At the relevant date, both parties were likely to have been in a position to enforce their goodwill against third parties. However, in the circumstances, they could not have prevented one another from using the SWEET CENTRE sign in connection with their established restaurant and takeaway businesses, including the goods typically sold through those businesses. I acknowledge that some of the applied-for goods and services fall outside the scope of a restaurant or takeaway business. However, given their greater distance from the opponent's established field of activity, I can see no basis upon which the opponent would have been better placed to restrain the applicant's use for those goods or services.

62. In light of all the above, and in particular the parties' prolonged and open coexistence from premises on the same street in Bradford, the applicant having generated its own goodwill, and the opponent's knowledge of the applicant's activities, I find that, by the relevant date, it would no longer have been equitable for the opponent to restrain the applicant's continued use of the SWEET CENTRE sign through a passing off claim. Therefore, the opponent did not have an enforceable right at that date capable of preventing the use of the applicant's mark.

Conclusion

63. The opponent's claim under section 5(4)(a) is dismissed.

Section 3(6)

64. 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."

65. In *SkyKick UK Ltd & Anor v Sky Ltd & Ors* [2024] UKSC 36, Lord Kitchin SCJ considered the question of what amounts to bad faith. He underlined that the

categories of bad faith and the circumstances which may constitute bad faith are not closed, and continued:

> "152. In seeking to identify the relevant principles, it is necessary to have in mind two fundamental aspects of trade mark law to which I have already referred: first, it is concerned with the use of marks in trade to denote the origin of goods and services. Secondly, the aim of the trade mark regime is to contribute to a system of undistorted competition in which businesses are able to attract and retain customers by the quality of their goods and services, and for that purpose are able to have registered signs which enable consumers to distinguish the goods and services of one undertaking from those of another. Such a system must also provide an incentive and protection for the investment by a brand owner in the quality and other beneficial aspects of its goods and services, and so allow it to develop a goodwill in its business relating to their sale and supply.
>
> 153. Against this background, the essence of the objection that an application to register a mark was made in bad faith may be understood: it is that the motive or intention of the applicant was to engage in conduct that departed from accepted principles of ethical behaviour or honest commercial practices having regard to the purposes of the trade mark system which I have described. Whether the conduct was undertaken with that motive or intention and did indeed depart from such ethical behaviour or honest commercial practices must be assessed having regard to all the objective circumstances of the case: see, for example, *Koton Mağazacilik Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO)* (C-104/18) EU:C:2019:724 ("*Koton*"), paras 46 and 47 […]."

66. Later in his judgment (at paragraph 240), Lord Kitchin summarised the general principles applicable to bad faith as follows:

> "(i) […]

(ii) The date for assessing whether an application to register [a] trade mark was made in bad faith is the date the application for registration was made (*Lindt*, para 35).

(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation […], and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 ([*Malaysia Dairy Industries Pte Ltd v Ankenaevnet for Patenter og Varemaerker* (C-320/12) EU:C:2013:435 ("*Malaysia Dairy*")], para 29; [*Sky plc v SkyKick UK Ltd* (C-371/18) EU:C:2020:45 ("*Sky CJEU*"), para 73).

(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the […] law of trade marks, namely the establishment and functioning of […] a system of undistorted competition 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 consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (*Lindt*, para 45; [*Koton Mağazacilik Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO)* (C-104/18) EU:C:2019:724 ("*Koton*")], para 45).

(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin (*Koton*, para 46; *Sky CJEU*, para 75).

(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial

authorities having regard to the objective circumstances of the case ([*Hasbro Inc v EUIPO, Kreativni Dogaaji d.o.o. (intervening)* (Case T-663/19) EU:T:2021:211 ("*Hasbro*")], paras 39 and 40; *Koton*, para 47).

(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (*Hasbro*, paras 42 and 43).

(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (*Lindt*, para 37).

(ix) The applicant for a trade mark is not required to indicate or to know precisely when the application is filed or examined, the use that will be made of it (*Sky CJEU*, para 76; [*AS v Deutsches Patent-und Markenamt* (C-541/18) EU:C:2019:725], para 22).

(x) Nevertheless, the registration by an applicant of a mark without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith where there is no rationale for the application in the light of the aims referred to in Regulation 40/94 and Directive 89/104 (*Sky CJEU*, para 77).

(xi) Such bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application was filed, the applicant for registration had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark (*Sky CJEU*, para 77).

(xii) It follows that the bad faith of the applicant cannot be presumed on the basis of a mere finding that, at the time of filing the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (*Sky CJEU*, para 78).

(xiii) When the absence of an intention to use the mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that constitutes making the application in bad faith only in so far as it relates to those goods or services (*Sky CJEU*, para 81).

(xiv) If, at the end of the day, the court concludes that, despite formal observance of the relevant rules and conditions for obtaining registration, the purpose of the rules has not been achieved, and that there was an intention to take advantage of the rules by creating artificially the conditions laid down for obtaining the registration, this may amount to an abuse sufficient to find that the application was made in bad faith (see, for example, *Hasbro*, para 72).

(xv) Directive 89/104 does not preclude a provision of national law under which an applicant for registration must state that the mark is being used in relation to the goods or services in relation to which it is sought to register the mark, or that the applicant has a bona fide intention that it should be used, provided that infringement of such an obligation cannot constitute a ground for invalidity. It may, however, constitute evidence for the purposes of establishing possible bad faith on the part of the applicant when the application was filed (*Sky CJEU*, paras 86 and 87)."

67. An allegation of bad faith is a serious one which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies, i.e. the balance of probabilities. This means that it is not enough to establish facts which are as consistent with good faith as bad faith.[26] It is necessary to ascertain what the applicant knew at the relevant date, that being 29 March 2022. Evidence about

[26] *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch)

subsequent events may be relevant if it casts light backwards on the position at the relevant date.[27]

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

> (i) What, in concrete terms, was the objective that the applicant has been accused of pursuing?
>
> (ii) Was that an objective for the purposes of which the contested application could not be properly filed?
>
> (iii) Was it established that the contested application was filed in pursuit of that objective?

69. The opponent's pleaded case is as follows:

> "The application is a trade mark that should not be registered for all of the goods and services specified because the application has been made in bad faith. Specifically, the applicant and opponent are near neighbours however, the opponent and the opponent's premises is the location of the original and continuing Sweet Centre Restaurant business. The applicant's business was started by Dr Zulficar Ali and his cousin in 1998. Dr Ali was a director for the opponent at this time and remains a director of the opponent although he is no longer a director of the applicant. In attempting to obtain exclusive rights in the mark SWEET CENTRE the applicant intends to damage the opponent by denying them free use of their mark, diverting trade, and/or taking unfair advantage of the opponent's considerable goodwill and longstanding reputation as the original SWEET CENTRE."

[27] *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2009] RPC 9 (approved by the Court of Appeal: [2010] RPC 16)

70. In concrete terms, the applicant has been accused of applying for the mark to obtain exclusivity over the SWEET CENTRE sign to cause damage to the opponent by restricting its use of the sign, diverting trade, and/or taking unfair advantage of the opponent's goodwill. If pursued with the intention of undermining the opponent's interests in a manner inconsistent with honest practices, these objectives may constitute bad faith.

71. Whilst I appreciate that it is wrong to expect a party to be able to give direct evidence of the motivation of another,[28] I consider the evidence to be very limited, both in respect of the applicant's intentions at the relevant date and objective facts from which those intentions could be inferred.

72. The opponent's evidential case on bad faith rests primarily on its evidence of use of the SWEET CENTRE sign and associated goodwill. In addition, I note that, in his first statement, Dr Ali asserts that *"seeking exclusive rights […] in respect of restaurants goes against [the 2001] agreement"*.

73. I have already assessed the evidence and found that the opponent had generated goodwill by the relevant date. There can be no reasonable doubt that the applicant was aware of the opponent's business. The parties share a common history, splitting from the same original business, and have continued to trade on the same street in Bradford since that split occurred. However, that is not the end of the matter, since the mere fact that a trade mark applicant knew that another party used the trade mark in the UK is not sufficient to establish bad faith.[29] There needs to be something more. In this case, that would be objective indicia supporting the allegation that, by filing the application, the applicant intended to deny the opponent free use of the SWEET CENTRE sign, divert trade and/or take unfair advantage of the opponent's goodwill.

74. In addition to establishing that the opponent had generated goodwill by the relevant date, the evidence establishes that the applicant had conducted substantial trading activities under the SWEET CENTRE sign from the time of the parties' incorporation

[28] *Maya Appliances Pvt. Ltd v Prapaharan Sivaratnam*, BL O/0052/25, paragraph 27
[29] *Lindt*; *Koton*, paragraph 55

and the later separation of Dr Ali and Mr L Habib's business interests. On the basis of those trading activities, I have found that the applicant had generated its own goodwill by the relevant date. That goodwill was concurrently generated with the opponent's goodwill. The parties originate from the same business and were both created in 1998. Trading activities continued, by both parties, after the split occurred. It does not automatically follow from the opponent having generated goodwill, and the applicant having been aware of the opponent at the relevant date, that the applicant's intention was to take advantage of the opponent's goodwill, or otherwise cause it damage.

75. Breaching the 2001 agreement was not pleaded as a freestanding basis of bad faith. However, it may be relevant to the applicant's knowledge, intentions and the commercial context. Although the applicant was not a party to the agreement, I consider that the knowledge and intentions of Mr L Habib can be properly attributed to the applicant.[30] Mr L Habib signed the 2001 agreement with Dr Ali and remained a director of the applicant at the relevant date. The agreement does concern the parties, even though its terms applied to Mr L Habib and Dr Ali as individuals.

76. The agreement contains no express provisions regarding intellectual property; it says nothing about the entitlement of either individual or either party to file trade mark applications. Dr Ali's complaint seems to stem from the restrictive covenants which both individuals agreed to. Specifically, Mr L Habib agreed *"not to have any direct or indirect involvement in a takeaway selling Asian curries or any restaurant within a radius of 5 miles of 110 Lumb Lane, Bradford, West Yorkshire for a period of 3 years following Completion"* and *"not to have any direct or indirect involvement in a restaurant using the name "The Sweet Centre Restaurant" following completion"*. Whilst it forms part of the historical context, the first expired in 2004 and did not directly restrict conduct at the relevant date. The second was not expressed to be time-limited and, therefore, appears to have continued after the three-year covenant had expired.

77. I have already found that, by the relevant date, the applicant's establishment had already developed into a restaurant. Whilst I appreciate that the agreement does not

[30] See *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation*, BL O/013/05, paragraph 22, and *John Williams and Barbara Williams v Canaries Seaschool SLU,* BL O/074/10, paragraph 51.

appear to have been strictly adhered to, the applicant's trade had been conducted openly for many years. Involvement in a business is different from seeking to register a trade mark. The covenant did not prohibit the applicant from applying for a trade mark, confer exclusive rights on the opponent, or expressly regulate ownership of the SWEET CENTRE sign. Even if the opponent is not satisfied with Mr L Habib or the applicant being involved in a restaurant business, it does not automatically follow that the application was made in bad faith. Moreover, the opponent does not appear to have previously objected to, or taken any action to prevent, the applicant's restaurant trade, of which it reasonably must have been aware, at any point before the relevant date. It has not explained why, in such circumstances, applying for the trade mark is objectionable when it was seemingly content with the applicant's use of SWEET CENTRE for services (resulting in the establishment of its own independent goodwill) which went beyond what Mr L Habib had agreed to 20 years before.

78. To my mind, there are questions surrounding the applicant's intentions in (i) seeking a monopoly right in a sign under which there had been longstanding concurrent trade by both the opponent and the applicant and (ii) seeking a monopoly right in that sign in respect of services which Mr L Habib had previously agreed to have no involvement in. Nevertheless, I do not consider the evidence sufficient to establish a prima facie case that the application was filed in pursuit of one or more of the alleged objectives. The evidence is at least equally consistent with the application having been filed in order to protect a mark under which the applicant had traded for a significant amount of time. Although some of the applied-for goods and services extend beyond the applicant's established trade, a lack of corresponding economic activity does not, in itself, establish bad faith. In any event, the opponent's pleading did not include a claim that the applicant lacked any intention to use the mark for those (or any) goods or services. As the authorities indicate, it is not sufficient to establish facts which are just as consistent with good faith as bad faith. I consider that to be the case here. I am not satisfied that the opponent has raised a rebuttable presumption of a lack of good faith.

79. The opponent's claim under section 3(6) is dismissed.

OVERALL OUTCOME

80. The opposition has been unsuccessful. Subject to appeal, the applicant's mark will proceed to registration in the UK.

COSTS

81. The applicant has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 1/2023. In the circumstances, I award the applicant the sum of **£1,600**, which is calculated as follows:

Considering the opponent's statement and preparing a counterstatement	£350
Preparing evidence and considering and commenting upon the opponent's evidence	£850
Preparing for and attending a hearing	£400

82. I order Sweet Centre Restaurant Limited to pay Sweet Centre Ltd the sum of **£1,600**. This sum is to be paid within 21 days of the expiry of the appeal period, or within 21 days of the final determination of the proceedings if any appeal against this decision is unsuccessful.

Dated this 23rd day of October 2026

James Hopkins
For the Registrar