

O-294-10

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION No. 2483623 OF THE TRADE MARK

NEELAM

STANDING IN THE NAME OF
MR HARIS MUKHTAR AND MR MOHAMMED MUKHTAR

AND

APPLICATION FOR RECTIFICATION UNDER No. 83640 THERETO
BY MR ALLAH DITTA

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION No 2483623 of the trade mark NEELAM standing in the name of Mr Haris Mukhtar and Mr Mohammed Mukhtar and application for rectification under No 83640 thereto by Mr Allah Ditta Background

1. On 31 March 2008, an application was made for registration of the trade mark NEELAM. The application, numbered 2483623, was made through a firm of legal representatives and showed the applicant to be Haris Mukhtar. Following examination, the application was accepted and published with the trade mark becoming registered on 29 August 2008.
2. On 17 April 2009, Mr Mukhtar himself filed a form TM21 by which he notified a change of his address for service from that of his hitherto legal representatives to what appears to be a domestic address in Redbridge. The amendment was duly recorded on the Trade Marks Register.
3. On 22 June 2009, a Form TM16 was filed which sought to record a change of ownership of the registration from Mr Haris Mukhtar alone to Mr Haris Mukhtar and Mr Allah Ditta. The address for service details remained as the Redbridge address. The requested amendment to the ownership of the registration was duly recorded on the Trade Marks Register.
4. On 24 August 2009 a Form TM33 was filed which sought to amend the address for service of the registration. It sought to change the address for service from the Redbridge address to that of the Neelam Rice Company Ltd in Stansted. This amendment was duly recorded on the Trade Marks Register.
5. On 23 November 2009, a further Form TM16 was filed seeking to record a change of ownership of the registration from Messrs Mukhtar and Ditta to Mr Haris Mukhtar and Mr Mohammed Mukhtar. The form also sought amendment of the address for service back to the Redbridge address. Again, this amendment was duly recorded on the Trade Marks Register.
6. On 7 December 2009 Mr Allah Ditta filed a Form TM26(R) seeking rectification of the register. Mr Ditta makes a number of comments about Mr Haris Mukhtar's bona fides and claims:

“It has recently come to my attention that Mr Haris Mukhtar has illegally changed the trademark without my knowledge or consent. After enquiring about this unlawful change it has become evident that Mr Haris Mukhtar has erased me from the trademark, by acting on my behalf and on behalf of my company without any permission or consent from myself. He has also self acclaimed himself as an agent for my company, Neelam Rice Company Limited, whereby I am the sole director and only signatory. He has also added

his father's name to the trademark without any knowledge or consent from me."

7. On this basis, Mr Ditta seeks to correct the register so as to return the registered proprietorship of the trade mark from Mr Haris Mukhtar and Mr Mohammed Mukhtar to Mr Haris Mukhtar and Mr Allah Ditta.

8. Notification of the application for rectification was sent to Mr Haris Mukhtar and Mr Mohammed Mukhtar at their recorded address for service and a period was allowed for them to file evidence or submissions in response to the application. A response was filed. (For completeness I should point out that this response was filed on their behalf by a firm of solicitors who were subsequently recorded as being the address for service for the registration though this was further changed a short time later. At this point the address for service became Mr Haris Mukhtar at an Ilford address). In brief, the response filed on behalf of Haris Mukhtar and Mohammed Mukhtar indicates that all of Mr Ditta's statements are disputed and requests the registration remain in the names as now recorded.

9. Only Mr Ditta filed evidence but both parties filed written submissions. Neither party requested to be heard and I therefore give this decision after a careful study of the written material before me.

The respective claims and counterclaims

Mr Haris Mukhtar and Mr Mohammed Mukhtar

10. In the written submissions filed on their behalf it is said that Mr Haris Mukhtar is the true owner of the trade mark the subject of this rectification action. It says that Haris Mukhtar's family has long been involved in the rice business in Pakistan and has for a number of years been producing and distributing Neelam branded Basmati Rice for which it has intellectual property rights in India and Europe (though no further details of any such rights are given). Mohammed Mukhtar, based in Pakistan, is said to be responsible for the mills, manufacture and packaging of the rice with Haris Mukhtar, his son, responsible for the distribution of that rice in the UK. Haris Mukhtar applied for the trade mark the subject of these proceedings in March 2008. Although business was said to be doing extremely well, he did not have the finances to expand his distribution network in the UK. This need for financial backing led him to become involved with Mr Allah Ditta in or around June 2009. Mr Ditta is said to have made a total investment in the business of some £105,000.

11. The submissions state that Haris Mukhtar, trading as a sole trader under the name Neelam Rice, entered into an agreement with Mr Ditta whereby Mr Mukhtar would "continue to be the face of Neelam Rice in the UK and Mr Ditta would set up a company to provide the financial input to expand the distribution network". Neelam Rice Company Limited was set up with Mr Ditta as the sole director. It was to be the UK distributor of the rice and would assist with the invoicing of sales within the UK with Mr Ditta being a silent investor to Mr Mukhtar's company. The submissions confirm that "no written agreement covering the Distribution Agreement" exists."

12. The submissions refer to a Form TM21 being filed in June 2009. There is no trace of any Form TM21 being filed at that time and I believe this to be a typographical error which should in fact refer to a Form TM16 which was filed on 22 June 2009. It is submitted that when this form was filed Haris Mukhtar, then unrepresented, believed he was simply granting Mr Ditta a licence to use the trade mark. It is claimed that Mr Ditta was fully aware that the mark was only licensed to him whilst a distribution relationship remained in place regarding his company, Neelam Rice Company Limited.

13. The submissions state that in or around August 2009, Mr Ditta breached the agreement allowing Neelam Rice Company Limited to distribute products in the UK. It is claimed that Mr Ditta's children began to get involved in the business and were seeking for the trade mark to be assigned to Mr Ditta. Haris Mukhtar made it clear he could not and would not assign the mark to Mr Ditta as it was his family's mark and all he could do was to grant him permission to use it exclusively in the UK. Haris Mukhtar's intention was only ever to licence use of his mark to Mr Ditta. After numerous disputes, Haris Mukhtar decided to part company with Mr Ditta and explained to him that he must stop selling rice and that his son could not be involved in the business as that was not what had been agreed. Haris Mukhtar is said to have believed that Mr Ditta was in breach of contract with irreparable damage being caused to his family's long established brand. He wanted to cease the relationship immediately. Haris Mukhtar and Mr Ditta met around 20 November 2009 in an attempt to settle matters amicably but as the relationship had irreparably broken down, Haris Mukhtar believed he was entitled to terminate the relationship and stop Mr Ditta using his trade mark. Nothing is said about the outcome of this meeting but on 23rd November 2009 Haris Mukhtar filed a further TM16 to record a change of ownership of the mark to that currently recorded.

Mr Allah Ditta

14. By way of response to these submissions, Allah Ditta filed a witness statement dated 23 March 2010 along with 11 exhibits most of which consists of copies of documents from the official file.

15. As I indicated above, Mr Ditta makes a number of comments in his application about the bona fides of Haris Mukhtar. These are issues which are outside the scope of these proceedings and I do not intend to consider them further.

16. Mr Ditta confirms that he is the sole director of Neelam Rice Company Limited which was set up after he had been approached by Haris Mukhtar in June 2009 and after having been asked by him whether he was interested in investing in a rice business.

17. Mr Ditta disputes that he was granted a licence to use the mark, stating instead that Haris Mukhtar agreed to him being a co-owner of the trade mark to acknowledge the investment he had made. At AD3 he exhibits a copy of the Form TM16 filed on 22 June 2009. Mr Ditta points out that the form was completed to show Haris Mukhtar as "owner" and Mr Ditta as "joint owner" with these entries having been completed by Haris Mukhtar himself. Mr Ditta confirms that the form bears his signature. At AD5 Mr Ditta exhibits a copy of a letter sent to Haris Mukhtar by the

Trade Marks Registry confirming the assignment of the mark to Haris Mukhtar and Allah Ditta. Mr Ditta points out that Haris Mukhtar took no further action to remedy the apparently incorrect position at that time.

18. Mr Ditta states his belief that he has invested some £180,000 into Neelam Rice Company Limited as part of his agreement with Haris Mukhtar. He strongly denies he was to be a silent investor. Mr Ditta states that “if there was an Agreement in place whereby either I or Neelam Rice Company Limited was only the distributor...then there was no need for Haris Mukhtar to be a signatory in respect of the company’s bank accounts”. Mr Ditta disputes that he was in breach of a contract between the two men and confirms that there is no written contract in existence. Mr Ditta agrees a meeting took place between the two men in November 2009 and says that it was at this meeting that Haris Mukhtar told him he had changed the ownership of the trade mark.

19. Mr Ditta strongly disputes the contention that the trade mark should never have been assigned to him as co-owner and that it should only ever have been licensed to him.

20. That completes my summary of the submissions and evidence filed in these proceedings to the extent I consider it necessary.

Decision

21. Rectification of the register is provided for under section 64 of the Act. This states:

“64.-(1) Any person having a sufficient interest may apply for the rectification of an error or omission in the register:

Provided that an application for rectification may not be made in respect of a matter affecting the validity of the registration of a trade mark.

(2) An application for rectification may be made either to the registrar or to the court, except that-

(a) If proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) If in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(3) Except where the registrar or the court directs otherwise, the effect of rectification of the register is that the error or omission in question shall be deemed never to have been made.

(4) The registrar may, on request made in the prescribed manner by the proprietor of a registered trade mark, or a licensee, enter any change in his name or address as recorded in the register.

(5) The registrar may remove from the register matter appearing to him to have ceased to have effect.”

22. As the subject of the application for rectification relates to Mr Ditta’s removal from the register as co-owner of the trade mark, I am satisfied he has a sufficient interest under the provisions of section 64(1) of the Act and that this is not a matter which affects the validity of the registration itself.

23. Section 72 of the Act states:

“**72.** In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.”

Under the provisions of section 72, the position is that the registration is presumed to be valid as is the subsequent assignment to Haris Mukhtar and Allah Ditta. The application before me covers an assignment filed on 23 November 2009. Whilst the defence to the application relies on the invalidity of the previous assignment of 22 June 2009, the proper mechanism to challenge the validity of that earlier assignment is via a counter application for rectification of the register to remove that earlier assignment. No such application has been made. I therefore go on to consider whether the application to record an assignment filed on 23 November 2009 was valid.

24. Joint ownership of a registered trade mark is subject to the provisions of section 23 of the Act which states:

“**23(4)**-One co-proprietor may not without the consent of the other or others-

- (a) grant a licence to use the registered trade mark, or
- (b) assign or charge his share in the registered trade mark (or, in Scotland, cause or permit security to be granted over it).”

Under section 25(2)(a) of the Act, an assignment is a registrable transaction. In view of this, rule 49(2) is also relevant and states:

“**49.**-(2) An application under paragraph (1) shall-

- (a) where the transaction is an assignment, be signed by or on behalf of the parties to the assignment

25. The Form TM16 filed on 23 November 2009 sought to assign the trade mark from Haris Mukhtar and Allah Ditta to Haris Mukhtar and Mohammed Mukhtar. This form appears to have been filed by Haris Mukhtar acting alone as it is clear from Mr Ditta’s evidence that it was filed without the latter’s knowledge or consent and without his signature as co-assignor. That being the case, I find that the change to the trade marks register showing an assignment of the mark to Haris Mukhtar and

Mohammed Mukhtar is manifestly invalid and should never have been recorded as it was made in contravention of the requirements of section 23(4)(b).

26. That, however, is not the end of the matter as notwithstanding the provisions of section 72 and my comments in paragraph 23 above, it would not be right to rectify the register to record the ownership of a trade mark if that ownership were found to be manifestly wrong on the evidence. On this basis only, I go on to consider the earlier assignment to Haris Mukhtar and Allah Ditta. The recordal of Mr Ditta as co-owner of the mark was made as a result of the filing of the Form TM16 on 22 June 2009. There is no doubt from the material before me that Allah Ditta and Haris Mukhtar made some sort of business deal before this form was filed, however, each man gives his own very different interpretation of that agreement and, as both parties agree that no written record of the agreement exists, it is impossible for me to determine what the exact terms of that agreement might have been. It is clear, however, that Mr Ditta made a significant financial investment and set up a company into which that investment was channelled: a company for which Haris Mukhtar became an authorised signatory for certain financial matters.

27. Haris Mukhtar is said to have completed this Form TM16 himself without any professional, legal assistance. Form TM16 is a two-page form. The title of it, as set out clearly at the head of the first page, is "Application to record a change of ownership". Box 9(a) of the form requires the (then) currently recorded proprietor to complete his details. In this case, these details have been completed with Haris Mukhtar's details and his status is given as "owner". Box 9(b) of the form requires the new proprietor to complete his details. In this case, these details have been completed to show Haris Mukhtar's signature as assignor and Allah Ditta's signature as assignee. Mr Ditta gives evidence that both he and Haris Mukhtar signed that form and that Haris Mukhtar was the person who wrote the words "joint owner" in the relevant box. This is not disputed by Mr Mukhtar and no evidence to contradict this has been filed. The form had also been completed at Box 5 to indicate that the change of ownership took place on 18 June 2009. The Trade Marks Registry issued a letter confirming that the change requested had been recorded as an assignment. Mr Mukhtar does not deny having received this letter nor did he take any "corrective" action on its receipt. On the basis of the material before me, it is clear that Mr Mukhtar has experience in business and must have read the form carefully in order to be able to complete it so thoroughly. In all the circumstances and despite his submissions to the contrary, I find, on the balance of probabilities that Haris Mukhtar filed the form intending to record Mr Ditta as a co-owner of the trade mark.

28. Section 24 of the Act provides for the assignment of a registered trade mark. It states:

"24.-(1) A registered trade mark is transmissible by assignment, testamentary disposition or operation of law in the same way as other personal or moveable property.

It is so transmissible either in connection with the goodwill of a business or independently.

(2) An assignment or other transmission of a registered trade mark may be partial, that is, limited so as to apply-

(a) in relation to some but not all of the goods or services for which the trade mark is registered, or

(b) in relation to use of the trade mark in a particular manner or a particular locality.

(3) An assignment of a registered trade mark, or an assent relating to a registered trade mark, is not effective unless it is in writing signed by or on behalf of the assignor or, as the case may be, a personal representative.

Except in Scotland, this requirement may be satisfied in a case where the assignor or personal representative is a body corporate by the affixing of its seal.

(4) The above provisions apply to assignment by way of security as in relation to any other assignment.

(5) A registered trade mark may be the subject of a charge (in Scotland, security) in the same way as other personal or moveable property.

(6) Nothing in this Act shall be construed as affecting the assignment or other transmission of an unregistered trade mark as part of the goodwill of a business.”

29. Under the provisions of section 24(3), in order to be effective, an assignment must be made in writing and be signed by or on behalf of the assignor or his personal representative. Whilst there is no dispute between them that Haris Mukhtar and Mr Ditta entered into an agreement, there is a significant dispute between them over the terms of that agreement. Both Mr Mukhtar in his submissions and Mr Ditta in his evidence have confirmed that there is no written record of that agreement. This lack of a written agreement however, does not mean that there was no assignment.

30. Section 26 of the Act states:

“26.-(1) No notice of any trust (express, implied or constructive) shall be entered in the register; and the registrar shall not be affected by any such notice.”

Section 26 therefore recognises that there is a distinction between the legal ownership of a trade mark and the equitable ownership of the mark. It is arguable that section 24(3) only applies to the transfer of the legal ownership of a trade mark, however, even if it also applies to equitable ownership, it does not appear to prevent an equitable interest being established subject to the subsequent recordal of the transfer of that interest being recorded in writing, which is when the assignment would become effective.

31. In *Victor Ifejika v Charles Ifejika & Lens Care Limited* [2010] EWCA Civ 563, Patten L.J. said:

“25. Design rights like any other form of chose in action can be assigned either at law or in equity. This is recognised by the provisions of s. 2(2). Although a written legal assignment is the usual method of transmission, s. 2(2) imposes no requirements as to the form any assignment or transmission of the right should take and the general rules relating to equitable assignments are therefore applicable.

26. For property to be assigned in equity what is needed is the sufficient expression of an intention to assign in the context of a transaction from which it can be inferred that the property was intended to pass.”

32. The above case relates to a registered design right. Whilst there is no equivalent of section 24(3) of the Trade Marks Act in the Registered Designs Act, it is, I believe authority for the proposition that a legal transfer can, in principle, be completed by the very act of making a statutory application. In this case the earlier assignment (22 June 2009) was signed by the assignor himself (Haris Mukhtar) and therefore arguably satisfied the requirements of section 24(3) and made effective Mr Ditta’s legal co-ownership of the trade mark as it is a sufficient expression from which it can be inferred that the property, in this case the trade mark, was intended to pass and is sufficient to create an equitable assignment of the trade mark to Mr Ditta. Whilst, as I indicated above, I am not required to establish the validity of this earlier assignment (as it has not been put in issue by the application for rectification) it is, in my view, at least arguable that the form as completed could, of itself, be sufficient to comply with the requirements of section 24(3). I conclude that I would not be recording manifestly false information by accepting Mr Ditta’s application for rectification and returning the register to the position it was in prior to the later, and as I have already found it to be, manifestly invalid, assignment.

33. Mr Ditta’s application for rectification of the register therefore succeeds. The effect of my decision is that the recordal of the assignment requested on 23 November 2009 (and which was published in the *Trade Marks Journal* No. 6816 on 19 December 2009) is null and void. The register will be amended to return the recorded ownership of the trade mark to Mr Haris Mukhtar and Mr Allah Ditta.

Costs

34. Mr Ditta has been successful and is entitled to an award of costs in his favour. I take into account that only Mr Ditta filed evidence, that the volume and complexity of the evidence was not great, that written submissions were filed and that no hearing took place. I award costs on the following basis:

Preparing a statement and considering the other side's statement	£300
Filing evidence and considering the other side's submissions	£500
Total	£800

35. I order Mr Haris Mukhtar and Mr Mohammed Mukhtar to pay Mr Allah Ditta the sum of £800 as a contribution towards his costs. This sum is to be paid with seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17th day of August 2010

**Ann Corbett
For the Registrar
The Comptroller-General**