

O/511/19

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NUMBER 3142297
OWNED BY ADNAN NIROUKH**



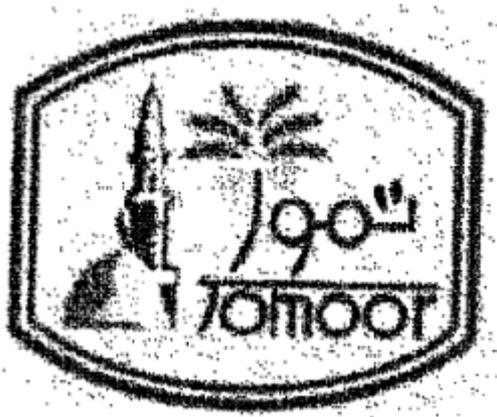
IN CLASS 29

AND

**THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NUMBER 502298 BY AL MADINAH DATES CO. (TOMOOR)**

Background

1. The trade mark shown on the cover page of this decision was applied for by Adnan Niroukh on 28 December 2015. It was registered on 25 March 2016. The registration is for “Dates, including medjool dates”, in class 29.
2. On 19 October 2018, an application to declare the registration invalid was filed by Al Madinah Dates Co. (Tomoor) (“the applicant”) on the grounds that registration was contrary to sections 47(1)/3(6) and 47(2)/5(4)(a) of the Trade Marks Act 1994 (“the Act”), and on the ground that the applicant owns an earlier well-known trade mark, as defined in section 56(1) of the Act.
3. The applicant claims that use of the registration is liable to be prevented under the law of passing off (section 5(4)(a) of the Act) owing to its use of the following sign in the UK, in respect of dates and maamoul, since 1 January 1999:



4. The applicant states that it has used the sign on dates and maamoul, the latter being an Arabic pastry filled with dates, for about 20 years around the world, exporting its goods to various countries including the UK. It states that goods bearing the sign have been sold in Asda and Tesco. The applicant states that its brand is perhaps the best known for dates in the ethnic food sector and that use of the later mark would cause confusion.

5. The applicant claims that the mark was applied for in bad faith, under section 3(6) of the Act. Adnan Niroukh is the director of Rotana UK, incorporated on 7 January 2016. On 5 March 2016, the applicant appointed Rotana UK Limited as one of its UK distributors. The relationship soured and the applicant terminated the distribution agreement in July 2017. The applicant claims that Mr Niroukh was aware at all times that the sign/mark belongs exclusively to the applicant and that he had no entitlement to register it.

6. Mr Niroukh filed a defence and counterstatement. This includes a statement of truth, which has been signed with the corporate signature of Mr Niroukh's firm of professional representatives, Agile IP. The counterstatement denies the grounds and puts the applicant to proof of its goodwill. There are several denials in respect of the bad faith ground; in particular:

“12. Paragraph 6 is admitted in so far as Rotana UK Limited was appointed as a distributor, however the wording “one of their [distributors]” is denied as the Proprietor will show evidence that Rotana UK Limited was appointed as sole distributor of the product in question.

...

14. ... To the best of his knowledge and belief the Proprietor did not receive a letter of termination although it is admitted that any distribution agreement has ended.

17. ... “The Proprietor will argue that the Applicant was at all times in agreement with the trade mark being acquired by the Proprietor as part of a future business strategy involving the managing director/owner of the Applicant.”

7. Mr Niroukh has filed no evidence in these proceedings. The applicant has filed evidence and asked to be heard. Mr Niroukh expressed his disappointment that there was to be a hearing because of the costs involved. He did not attend. The

hearing took place by video conference on 27 August 2019. Ms Amanda Michaels, of Counsel, appeared for the applicant, instructed by MW Trade Marks.

The evidence

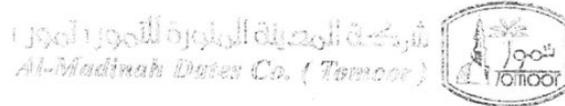
8. The applicant's evidence comes from Osama Mustafa Hashem, the applicant's Internal Auditor. His witness statement is dated 23 January 2019. I have considered all the evidence, but summarise here only the parts which I consider relevant to the issues to be decided.

9. Mr Hashem states that the applicant is one of the leading Saudi Arabian exporters of dates and that it has exported dates under the sign to the UK, via a number of different distributors: Sara International Limited, Rotana UK Limited and John & Pascalis Limited. The applicant supplied Sara International Limited from at least January 2007 to April 2015. Appendix 7 comprises thirteen invoices from the applicant to Sara International Limited during these years. With the exception of the first invoice, all the invoices show the sign relied upon at the top. The invoices are for significant amounts of money for the importation of the applicant's dates: \$186,422 in February 2012; \$66,900 the following month; \$97,695 in May 2012; three orders of \$66,900, \$92,400 and \$166,733 in June 2012; two orders of \$316,273 and \$373,165.33 in February 2015; three orders of \$178,304, \$95,140 and \$84,980 in March 2015; and \$164,740 the following month. Mr Hashem states that the value of all thirteen invoices, at current exchange rates, amounts to about £1.6 million. It is possible to see the mark on a box of dates in Appendix 3, which comprises screenshots of the Applicant's website pages. Although these are undated, the sign relied upon has been consistently used throughout the invoices, across a span of several years, including the year of application, 2015. It is reasonable to assume the same applies to the use on packaging and the website, which has existed since 2000.

10. Mr Hashem states that, in 2016, the applicant supplied another distributor, Rotana UK Limited. Appendix 10 comprises five invoices addressed to Rotana UK Limited for the supply of dates between February and May 2016. All the invoices show the sign relied upon at the top and the company stamp, which includes the sign

relied upon, at the bottom. At current exchange rates, Mr Hashem states that the total value of the invoices comes to approximately £138,000. A third distributor, John & Pascalis Limited, was supplied by the applicant in 2018, but this is after the relevant date for proving goodwill.

11. Mr Hashem states that Mr Niroukh is the director of Rotana UK Limited, which had been a distributor of the applicant's goods from February to May 2016. The contested trade mark was filed by Mr Niroukh on 28 December 2015, whilst Rotana UK Limited was incorporated shortly afterwards, on 7 January 2016. The applicant appointed Rotana UK Limited as its distributor on 5 March 2016. Appendix 14 comprises a copy of the letter of appointment:



Date 05. 03. 2016

To

Rotana UK Ltd
156 Brompton Road
Knightsbridge - London
SW3-1HW

APPOINTMENT OF DISTRIBUTOR

On this the 05th Day of March 2016, we pleased to appoint the Rotana UK Ltd., 156 Brompton Road Knightsbridge - London SW3-1HW as DISTRIBUTOR FOR UNITED KINGLDOM TERRITORY for sales and Distribution of our Products.
Best Regards,

PRESIDENT BOARD OF DIRECTORS.

ABDALLAH BIN ABDUL QADER AL TAZI

12. The relationship between the applicant and Rotana UK Limited soured and the agreement came to an end, a fact acknowledged (and admitted) in the counterstatement.

13. Mr Hashem states:

“23. The Applicant has never given permission to Adnan Niroukh to register its Logo in the UK. Adnan Niroukh proceeded to register the Applicant’s Logo without permission from the Applicant. In good faith the Applicant appointed Adnan Niroukh’s company as a UK distributor without any knowledge of the bad faith filing on the part of Adnan Niroukh.

24. As a continuation of his behaviour based on bad faith, on 5 October 2018 Adnan Niroukh issued a letter before action against one of the Applicant’s UK distributors John & Pascalis Ltd, alleging trade mark infringement. It was only then that it came to the Applicant’s attention that Adnan Niroukh had filed the application in bad faith.”

Section 5(4)(a) of the Act

14. Section 47(2) of the Act states:

“(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

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

“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, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

16. 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).”

17. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margerine Ltd* [1901] AC 217 at 223:

“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.”

18. The applicant’s invoices show the mark, and that a regular and substantial supply of the goods had been made over several years prior to the relevant date, which is 28 December 2015. Mr Niroukh has not provided any evidence of his own trade so there is no need to assess whether he had his own goodwill prior to this date. In any case, the evidence indicates that he applied for the mark prior to incorporating the company Rotana UK Limited, and prior to any trade commencing.

19. Although the goods have been distributed in the UK by someone other than the applicant, I find that it was the applicant who owned the goodwill at the relevant date. The applicant’s mark is shown on the packaging. There is no evidence that the UK distributors were named on the packaging. The public would perceive the applicant as being the manufacturer and being responsible for the goods, whether or not customers knew of its exact identity. This is a case of a manufacturer’s mark¹. Despite Mr Niroukh’s statement in his counterstatement that his company was the applicant’s sole distributor, he has provided no evidence to prove it. On the contrary, the applicant has provided a copy of the letter of appointment which mentions only that Mr Niroukh’s company was a distributor, not the sole or exclusive distributor. This has not been rebutted by Mr Niroukh.

20. The applicant had sufficient UK goodwill in relation to dates as of 28 December 2015 upon which to base its claim of passing off. Given the almost identical nature of the sign relied upon, in relation to identical goods, misrepresentation and damage are the inevitable conclusion. The section 47(2)/5(4)(a) ground succeeds.

¹ *MedGen Inc v Passion for Life* [2001] FSR 30 and *Guillaume Margel v EGL Gem Lab Limited*, BL O/426/10, a decision of Mr Iain Purvis QC, sitting as the Appointed Person, at [42].

Section 3(6) of the Act

21. Section 47 of the act states:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).”

22. 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.”

23. The law in relation bad faith was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*² and further summarised by Mr Thomas Mitcheson QC as the Appointed Person in *Loch Employment Law Limited V Philip Adamson Hannay*³ as follows:

“1) The relevant date for assessing bad faith is the application date;

2) Later evidence may be relevant if it casts light backwards on the position as at the application date;

3) A person is presumed to have acted in good faith unless the contrary is proved – given that an allegation of bad faith is a serious allegation, it must be distinctly proved;

4) Bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined";

² [2012] EWHC 1929 (Ch)

³ BL O/786/18

5) The provisions against bad faith are intended to prevent abuse of the trade mark system, either via the relevant office or via third parties;

6) The tribunal must make an overall assessment, taking into account all the factors relevant to the particular case;

7) The tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people i.e. objectively.

8) Consideration must be given to the applicant's intention.”

24. The relevant date is 28 December 2015. I must decide what Mr Niroukh knew at that date and then decide whether filing the application fell short of acceptable commercial behaviour.

25. The pleadings were sufficiently clear for Mr Niroukh to answer them, which he did, via his attorneys, in his defence and counterstatement. The only positive statement made in the counterstatement was:

“The Proprietor will argue that the Applicant was at all times in agreement with the trade mark being acquired by the Proprietor as part of a future business strategy involving the managing director/owner of the Applicant.”

26. This implies that evidence would be filed to support the statement. However, Mr Niroukh filed no evidence. I have considered whether, in the absence of formal evidence, I should treat the contents of the counterstatement as evidence. Rule 64 of the Trade Marks Rules 2008 (as amended) states (emphasis added):

“(1) Subject to rule 62(2) and as follows, evidence filed in any proceedings under the Act or these Rules may be given—

(a) by witness statement, affidavit, statutory declaration; or

(b) in any other form which would be admissible as evidence in proceedings before the court.

(2) A witness statement may only be given in evidence if it includes a statement of truth.

(3) The general rule is that evidence at hearings is to be by witness statement unless the registrar or any enactment requires otherwise.

(4) For the purposes of these Rules, a statement of truth—

(a) means a statement that the person making the statement believes that the facts stated in a particular document are true; and

(b) shall be dated and signed by—

(i) in the case of a witness statement, the maker of the statement,

(ii) in any other case, the party or legal representative of such party.

(5) In these Rules, a witness statement is a written statement signed by a person that contains the evidence which that person would be allowed to give orally.

(6) Under these Rules, evidence shall only be considered filed when—

(a) it has been received by the registrar; and

(b) it has been sent to all other parties to the proceedings.”

27. In *Soundunit Limited v Korval, Inc* (“Simmons”), BL O/468/12, Mr Daniel Alexander QC, sitting as the Appointed Person, observed (as per rule 64(1)(b)) that pleadings (in that case also a counterstatement) were formally admissible as evidence because before “the High Court a pleading verified by a statement of truth may be admitted as evidence (see CPR^[4] Rule 32)”.

28. However, in the present case, it was not Mr Niroukh who signed the counterstatement: it was the corporate signature of the firm of attorneys representing him in these proceedings. In a case where there is an allegation of bad faith, it is often narrative which provides the defence. Not only is the narrative extremely short, it is not verified by a statement of truth signed by the person who actually filed the application and therefore is in the best position to explain his motives. It is not even signed by an individual. There is, therefore, no individual witness who could be cross-examined to test the statement. The statement cannot be treated as evidence. Even if I had decided it could, it is so lacking in substance as to prove nothing.

29. The applicant directly answered Mr Niroukh’s defence with evidence, which also supported its pleadings. In a letter dated 1 July 2019, Mr Niroukh’s attorneys included the following, which it classed as a submission:

“It is noted, that the Applicant’s evidence has failed to address the Owner’s statements concerning (the lack of) bad faith in the counter-statement, in that the evidence is silent with the regard to the role of Abdallah Bin Abdul Qader A Tazi, the Managing Director of the Applicant, in the filing of the trade mark application. Indeed, the statements made in paragraphs 17 and 18 of the counter-statement have never been specifically denied.”

30. This is the sum-total of Mr Niroukh’s submissions. It is also the first time an individual’s name had been mentioned. This name was not mentioned in the counterstatement. It constitutes a fact and should have been filed as evidence. This submission cannot be considered; even if it could, it is insubstantial and proves nothing. Furthermore, it is incorrect that the applicant has never specifically denied

⁴ The Civil Procedure Rules.

the statements made in the counterstatement about the involvement of the managing director/owner of the Applicant. Mr Hashem stated in his evidence (reproduced at paragraph 13 of this decision) that Mr Niroukh registered the trade mark (corresponding to the applicant's sign) without its permission and without its knowledge.

31. It is possible that Mr Niroukh thought that his company had been appointed as sole distributor because the applicant only used one distributor at one time. However, there is no evidence of that and the letter of appointment makes no reference to exclusivity. If Mr Niroukh thought that had a bearing on matters when he filed the trade mark, he should have provided evidence to that effect. I take no view on whether that would have assisted his position. It is merely a further observation that he has wholly failed to support his case. He has chosen not to file formal evidence in answer to the applicant's evidence and has provided no factual narrative explaining his version of events, or documents in support, such as agreements.

32. I find that the applicant has presented a *prima facie* case which has been inadequately rebutted. It is clear from the applicant's evidence that Mr Niroukh knew of the applicant's use of its sign in the UK since he filed the application days prior to incorporating the company that would shortly be appointed as a distributor of the applicant's goods in the UK. Judged objectively by the ordinary standards of honest people, as set out in the caselaw cited above, Mr Niroukh's filing of the trade mark application fell short of the standards of acceptable commercial behaviour of reasonable and experienced people. I find that the application was made in bad faith.

33. The section 56 ground does not add anything to the success which the applicant has already achieved, so it is unnecessary to deal with it.

Outcome

34. The application for a declaration of invalidity on the grounds of bad faith (section 3(6)) and passing off (section 5(4)(a)) succeeds in full. Under section 47(6) of the Act, the registration is deemed never to have been made.

Costs

35. As the applicant has been successful, it is entitled to an award of costs, as a contribution towards the costs of the proceedings, based upon the scale published in Tribunal Practice Notice 2 of 2016. The breakdown of costs is as follows:

| | |
|--|-------|
| Preparing a statement and considering Mr Niroukh's statement | £200 |
| Official fee | £200 |
| Preparing evidence | £600 |
| Preparing for and attending a hearing | £600 |
| Total | £1600 |

36. I order Adnan Niroukh to pay to Al Madinah Dates Co. (Tomoor) the sum of £1600 which, in the absence of an appeal, should be paid within 21 days of the expiry of the appeal period.

Dated 3 September 2019

Judi Pike
For the Registrar,
the Comptroller-General