

O/005/12

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO 2495199

IN THE NAME OF SAJID PARKAR

OF THE TRADE MARK:



IN CLASSES 1, 20 AND 27

AND

THE APPLICATION FOR A DECLARATION

OF INVALIDITY THERETO

UNDER NO 83515

BY

ABID HUSSAIN

1) An application to register the trade mark:



was made by Mr Sajid Parkar on 13 August 2008. The application was published for opposition purposes on 27 February 2009. The registration procedure was completed on 8 May 2009. The trade mark is registered for the following goods:

adhesive spray,

carpet grippers,

underlay.

The above goods are in classes 1, 20 and 27 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. The registration is still in the name of Mr Parkar.

2) On 29 June 2009 Mr Abid Hussain filed an application for the invalidation of the registration of the trade mark. Applications for invalidation of a trade mark registration are covered by section 47 of the Trade Marks Act 1994ⁱ (the Act).

3) Mr Hussain claims that the application was made in bad faith and so registration of the application was contrary to section 3(6) of the Act which states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Mr Hussain states that Mr Parkar recently retired from the directorship of Aerolay, withdrawing £9,500 plus a further £2,000 without advising “his then partner Mr Abid Hussain”. Mr Hussain states that Mr Parkar altered “the Company’s” e-mail address so that all enquiries relating to Aerolay sales went to his private address. Mr Hussain “asked Mr Sajid Parkar what he was doing”. Mr Hussain states that Mr Parkar then demanded £50,000 from Mr Hussain to withdraw his trade mark application. Mr Hussain declined to respond. Mr Hussain states that Mr Parkar has previously held directorships in four other companies and then resigned. He states that one “directorship was dissolved”. Mr Hussain “feels” that Mr Parkar has acted in a dishonest manner and that his conduct has fallen below the normal standards of commercial behaviour.

4) Mr Hussain claims that use of the trade mark is liable to be prevented by the law of passing-off and so the registration should be declared invalid as per section 5(4)(a) of the Act. He states:

“Aerolay company formed in 2008. Aerolay is used around Bedfordshire area and surrounding counties”.

Mr Hussain states that Aerolay has been used in relation to underlay in the flooring trade. Mr Hussain “feels that ‘would be’ purchasers are accidentally buying off Aerolay thinking it is the original’s company good reputation. There is confusion over the leadership of the company. Sales have dropped as consumers are confused as to who owns ‘Aerolay’.”

5) Attached to the statement of grounds is a business card, letter headed paper and a card that bears a 2009 calendar and samples of underlay; all of which bear the trade mark. The business card bears the name of Abid Hussain, who is described as “director”. The card bearing the samples advises that the underlays are manufactured in the United Kingdom.

6) Mr Parkar filed a counterstatement. Mr Parkar states that the trade mark was designed and created by him and a designer in 2007, commissioned by him, and was at all material times an asset owned by Mr Parkar in his personal capacity. Mr Parkar claims that the copyright in the “design and logo” belong to him.

7) Mr Parkar states that he created the trade mark name and logo design with a view to setting up a business dealing in the importation of carpet underlay from China. He states that the business idea was the result of his extensive research into the market, his personal knowledge and long experience in the importation of household goods and furniture from China.

8) In relation to section 5(4)(a) of the Act Mr Parkar claims that Mr Hussain has no locus standi to challenge the validity of the registration. Mr Parkar states that Mr Hussain has not traded in his personal capacity in any business which has used the trade mark. Mr Parkar states that the material attached to the statement of grounds (see paragraph 5) does not belong to any business of Mr Hussain but to Aerolay Ltd, in which Mr Parkar and Mr Hussain have shareholdings.

9) Mr Parkar denies that the application was made in bad faith. He claims that the trade mark has at “all material times” vested in him and that it was agreed at the outset, with Mr Hussain and Mr Asif Hussain, that the trade mark should be registered in the name of Mr Parkar. Mr Parkar states that he agreed to resign as a director subject to the return of his capital investment of £10,000 and his retaining ownership and registration of the trade mark. Mr Parkar denies that he demanded any money to withdraw his trade mark application.

10) Both parties filed evidence.

11) A hearing took place on 6 January 2012. Mr Parkar represented himself. Mr Asif Hussain cross-examined Mr Parkar. Mr Collins, of Barratts & Company Business and Property Consultants, made submissions for Abid Hussain.

First witness statement of Abid Hussain

12) Mr Hussain states that he trades as AA Carpets & Furniture.

13) Mr Hussain states that he first met Mr Sajid Parkar through the latter's father, Mr Ibrahim Parkar, (for clarity, the two Mr Parkars will be referred to by their forenames) who had worked for AA Carpets & Furniture for 9 years as its bookkeeper/accountant.

14) Mr Hussain states that for a long time he had thought that there was a niche in the market for a new type of underlay. As he was too busy to run such a business, he discussed the business with his brothers Asif and Aqif and their father. (For clarity, the members of the Hussain family will be referred to by their forenames.) Abid states that the proposition for such a business was put to Sajid, who seemed very keen to become involved. At the time Sajid was working as a sales representative for a furnishing company. Abid and Sajid attended an exhibition in Germany in early September 2007. Abid states that all expenses for the trip were paid on his credit card.

15) Abid states that he has worked for 14 years in the carpet and furniture industry with his brothers Asif and Aqif. He states that together they have built a very successful business in the carpet and furniture industry. The three brothers decided to open a new company selling underlay only and invited Sajid to join them in the venture. Abid states that he gave Sajid all the "leads to source" and left Sajid and Asif to run the business.

16) Abid states that before the company Aerolay was "formalised" he asked his brothers and Sajid to suggest a name for the company. Abid states that during a meeting, which took place at the beginning of January 2008, Asif was eating an Aero chocolate bar and the name Aerolay came to his mind as both products had a connection to bubbles. The name was then approved and Sajid instructed a designer to devise the logo, which was completed before a trip to China. Abid refers to copies of 10 cheques which have been exhibited at exhibits 1 to 10. The cheques have been drawn on the account of Aerolay Limited. Abid states that the cheques were in payment for Aerolay's logo and advertising materials. The cheques were issued between 29 August 2008 and 9 December 2009. They are made out to a number of undertakings, these appear to be (the writing is not always clear): TGA Marketing Design Ltd, Pink City Logistics, 365 Logistics and Rohlig Logistics.

17) Abid states that, as he was busy running AA Carpet & Furniture, he decided that Asif and Sajid would go to China. He states that Asif and Sajid went to China on 13 January 2008 and returned on 17 January 2008 and that all expenses were paid by him. Abid states that when Asif and Sajid returned, he suggested that £150,000 would be needed to “enhance” the business. He states that he asked Sajid how much he could invest and that Sajid replied that he could afford £10,000. Abid states that he and Asif invested £10,000. In May 2010 a bank account was set up in the name of Aerolay; from the cheques exhibited this would appear to have been in the name of Aerolay Limited.

18) Abid states that the company was set up in May 2008. He decided that the company needed a bank loan. Abid states that AA Carpet & Furniture already had a business account with NatWest. A meeting was arranged with the bank manager. Abid states that during the meeting a “credit search” was made on Sajid and that it came back showing that Sajid was “blacklisted”. Abid states that the bank manager advised Sajid to write an explanation to the bank and that Sajid denied that he knew that he had been “blacklisted”. Abid states that, owing to Sajid being “blacklisted”, he had to borrow money against an existing loan of £100,000, supported by a charge of his matrimonial home, because Aerolay Limited had already placed an order for underlay, which had already left China. At exhibit 11 are transaction details for Aerolay Limited’s account, these show that on 28 November 2008 £100,000 was received in the account. The transaction details also show a payment of £5,000 received on 5 September 2008 and a payment of £5,000 received on 19 September 2008, the latter is identified as being from “Abid Hussain and”.

19) Abid states that in August 2008 he asked Asif to apply to the Patent Office to register the name of Aerolay. The fee was paid by Asif on the credit card of AA Carpets. At exhibit 12 details appear in relation to a NatWest credit card in the name of Asif at AA Carpets, these show a payment of £300 was made to the Patent Office on 13 August 2008.

20) Abid states that, after the containers containing the underlay arrived, he left Asif and Sajid to run the business. He states that after 3 months he received a statement from NatWest with the repayment details of the £100,000 loan; the loan was to be repaid at £775 per month.

21) Abid, Sajid and Asif attended an exhibition in Harrogate in September 2008. Also at the exhibition was Mark Davies. Abid states that Mr Davies is an independent salesman in the carpet industry and was very well-known to him. He states that Mr Davies was keen to act as an agent on behalf Aerolay Limited. Abid states that the exhibition in Harrogate was successful; he, Asif and Sajid had collected contact numbers from prospective customers. Abid states that when they returned from the exhibition Ibrahim was not happy about the monthly payments of £750 being made from the company bank account. Abid states that

he was accused of “unfair play”; this annoyed him as he had put his own home at risk for the new company.

22) Abid states that, after 3 weeks of arguments with Ibrahim, he suggested a meeting should be held. He states that during that meeting he offered Sajid the opportunity of taking over Aerolay Limited as he “had had enough and wanted out”. Abid states that Sajid told him that he had no money to take over the company. He states that he left the decision on the future of the company to Asif and Sajid, as he wanted the return of his investment of £105,000.

23) Abid states that some time after the meeting he discovered that Sajid had taken £4,000 out of the company for his own use and that he was paying Ibrahim a wage to look after the company accounts. Abid states that he challenged Sajid in relation to these matters, as these actions were not pursuant to agreements previously made between Sajid and Abid, Asif and Aqif. At exhibit 13 is a copy of a cheque payable to S Parker for the sum of £4,000. At exhibits 14 and 15 are copies of cheques made payable to M I Parker for £650 and £1,300; the last cheque has two signatures upon it. The cheques are drawn on the account of Aerolay Limited and are dated 6 February 2009, 5 March 2009 and 28 November 2008 respectively. Abid states that a company cheque was paid to Sajid for expenses, for which the latter did not provide any receipts; at exhibit 16 is a copy of a cheque dated 29 December 2008 from Aerolay Limited to Sajid for £4,341.21p. Abid states that soon afterwards he discovered that Sajid had taken all of the contact details of the customers and had erased all the details from the company’s computer. Abid states that Sajid had diverted all business e-mails to his own private e-mail address. Abid states that when he realised that the company was not receiving any e-mails in relation to orders, he called a further meeting. Sajid, Ibrahim, Asif and id(sic) Hussain were present at the meeting. Abid states that he challenged Sajid as to what was happening in relation to the domain name. Abid states that Ibrahim suggested that Asif and Abid could get back the e-mails, patent (sic) and domain name if £50,000 was paid to Sajid. Ibrahim said that Sajid had wasted a year working with Abid and Asif and that Sajid could have earned £50,000 working on his own.

24) Abid states that two further meetings were held at his request to try and sort matters out. He states that one was held “at the church with the local Chapel and the second meeting was held at the Chapel’s own home. The local Chapel asked Sajid Parkar how much he wanted he replied that he could have earned £50k in one year working elsewhere, he then reduced his demand from 50k to £25k and said if paid he would hand back the patent, domain name and business contact details plus the company’s email address”.

25) Abid states that on 4 March 2009 Sajid told him that he had resigned from the company and would not release the e-mail address, patent name (sic) and domain name until he had received the money. Abid told Sajid that he was blackmailing him.

26) Abid states that Ibrahim continued to work for AA Carpets & Furniture for a further 3 months, he then left of his own volition.

27) Abid states a bank statement of 4 March 2009, exhibited at page 17, shows that Sajid had transferred £9473.25 by CHP TFR and a further £2,000 into his own personal bank account. The statement shows that the latter payment was made by way of standing order.

28) Exhibit 18 consists of a copy of the draft statement of accounts for Aerolay Limited for the period from 28 May 2008 to 31 May 2009. A long term liability, being a director's loan, of £97,919 is shown in the accounts.

29) Abid states:

“I, Abid Hussain, suggest that if Sajid Parkar swears on the Koran that all the ideas were his, I, Abid Hussain would agree to walk away from the whole affair.”

Witness statement of Sajid Parkar

30) Sajid states that he accepted the offer made by Abid in his witness statement to swear on the Holy Koran that all of the ideas were his. Sajid states that his lawyers at Lakhani & Co agreed to this on his behalf and that he agrees to it again in this witness statement. Exhibited at SP1 is a copy of a letter, dated 15 October 2010, from Lakhani & Co to the Intellectual Property Office in which it is stated that the offer of Abid was formerly accepted by a letter dated 27 August 2010. (The letter of 15 October 2010 also states that Lakhani & Co are no longer acting for Sajid.) Sajid states that no formal response was given to his offer to swear on the Koran. He states that Abid's refusal to carry out what he had stated in his witness statement is evidence of the fact that he is “deceptive, misleading and cannot be trusted”. Sajid states that Abid agrees to things and then reneges on his promises.

31) Sajid states that he did not travel to Germany in 2007 with Abid. He encloses a copy of his passport at exhibit SP2. (Sajid is a citizen of the United Kingdom, consequently, there would be no indication as to whether he had visited Germany or not.) Sajid denies Abid gave him all the “leads to source”. He states that he has been travelling to China for many years and has been employed in the furniture industry for over 20 years. Sajid states that he has visited China approximately 15 times in the past 10 years. He has also travelled to many places in the Far East and South America in order to source products for the United Kingdom. Sajid refers to the visa stamps in his passports as confirmation of his visits to China.

32) Sajid states that the cheques at exhibits 2 to 10 of the witness statement of Abid do not show payments made by Aerolay Limited for the company's logo and

marketing. Sajid states that exhibit 1 to the first witness statement of Abid is a copy of cheque payable to TGA. Sajid exhibits at SP15 a copy of a letter dated 16 April 2010 from "Mark" of TGA Marketing & Design Ltd to Lakhani & Co. In this letter "Mark" writes:

"Further to my recent conversation with Sajid Parkar, I was informed that TGA Marketing was paid a cheque for creating the Aerolay Logo and design for Aerolay Ltd.

I can confirm that this is wholly incorrect and that TGA Marketing at no point created or participated in creating the Aerolay logo and design.

Mr Parkar approached us with ideas and concepts of how he wanted the aerolay brand marketed as he had a trade show approaching and needed artwork created to go with the logo he had shown us.

Mr Parkar showed TGA Marketing the logo design, gave us ideas and concepts and we put together the artwork for 2 roll up banners, a large pop up stand, sample products, mouse mats and bags. The logo design for all of the art work was supplied by Mr Parkar."

33) Sajid states that the copies of the cheques at exhibits 2 and 3 to the first witness statement of Abid relate to payments to CIM Logistics Ltd. Sajid states that this company dealt with freight coming in to the United Kingdom from China and the payments were for VAT and freight clearing.

34) Sajid states that the copy of the cheque at exhibit 4 to the first witness statement of Abid relates to a payment to 365 Logistics. He states that this company dealt with freight coming in to the United Kingdom from China and the payment was for VAT and freight clearing.

35) Sajid states that the copies of the cheques at exhibits 5, 6, 9 and 10 to the first witness statement of Abid relate to payments to Pink City Logistics. Sajid states that this company dealt with freight coming in to the United Kingdom from China and the payments were for VAT and freight clearing.

36) Sajid states that the copies of the cheques at exhibits 7 and 8 to the first witness statement of Abid relate to payments to Rohlig Logistic. Sajid states that this company dealt with freight coming in to the United Kingdom from China and the payments were for VAT and freight clearing.

37) Sajid states that he paid for the flights to China as he had invited Asif and Abid. He states that most food bills were paid by prospective suppliers as that is the Chinese custom in dealing with prospective customers.

38) Sajid states that he, Abid and Asif approached the bank for funding for Aerolay Limited. He states:

“I agreed to this; if a bank could provide it based on a Government backed loan then, it was not a concern that Abid Hussain was not personally providing the monies. I still felt that Abid Hussain would be contributing towards Aerolay as it was his bank manager that would be approving the loan. Hence due to Abid Hussain, Aerolay Ltd would be able to raise money.”

39) Sajid states that a loan was refused as Abid and Asif were “asset rich and according to the rules, anyone applying for this type of loan, must not own valuable assets over a certain threshold”. Sajid states that Abid and Asif “resigned on 12 August 2008”. He states that on the same day they made Aqif a director of Aerolay Limited. Exhibited at SP3 is information from Companies House in relation to Aerolay Limited. This shows, inter alia, that the company was incorporated on 28 May 2008 and that on 30 May 2008 Sajid, Asif and Abid were appointed as directors. On the same date Sajid was appointed secretary. On 12 August 2008 Aqif was appointed as a director, on the same date Asif and Abid appointments as directors were terminated. On 10 March 2009, Sajid’s positions as director and secretary were terminated. On 18 March 2009, Abid was appointed as secretary. On 21 July 2009, Abid was appointed as a director. On 11 February 2010, all the appointments of Abid, Aqif and Asif were terminated. On 21 September 2010 the company was struck off and dissolved. Sajid states that the bank manager stated that “head office” had seen the change in directors through Companies House and could not see how an 18 year old who had no business experience could benefit the company. Consequently, the loan was refused.

40) Sajid states that at no point did the bank state that he was blacklisted. He states that he does not have a criminal record, nor has he been made bankrupt. Sajid states that he has a very good credit rating.

41) Sajid states that he believes that Abid put money into the company “because he had the intention to constructively and deceitfully push me out of the company once I had created a strong foundation for the company”.

42) Sajid states that the application for a trade mark was completed by him. He states that he was led to believe that payment to the Intellectual Property Office was made on the Aerolay Ltd company card. Sajid states:

“I was driving at the time and requested Asif if this could be done so there is no delay. At all times Asif Hussain and Abid Hussain knew the trade mark was in my name as this would also have been verified when payment was made over the phone.”

43) Sajid states that exhibit SP5 is a copy of a letter dated 5 March 2009 sent by recorded delivery to Aqif, Abid and Asif at AA Carpets. The letter relates to a meeting held on 4 March 2009. Sajid accuses the brothers of taking “stock on

behalf of aa carpets without proper documentation and siphoning it away. Also on the occasions aa carpets did take stock it was done so at cost price, which I did not authorise and still cannot accept.” Sajid writes:

“To clarify our positions so that there is no misunderstanding, the following has been agreed;

- A. The brand name aerolay would remain in the sole ownership of Sajid Parkar.
- B. Sajid Parkar would withdraw the use and license of the brand name and also use of the domain name www.aerolay.co.uk
- C. Abid Hussain would be able to withdraw his initial capital of 15k
- D. Sajid Parkar would be able to withdraw his initial capital of 10k
- E. Abid Hussain would also be allowed withdraw his £100,000
- F. Profits after the sale of stock to be shared equally.
- G. Sajid would pay £500 to aerolay for the payment to IPO of £300 plus £200 for any other minor payments which may have been unseen. Therefore £9500 would be allowed to be transferred from Aerolay Ltd to myself.
- H. Sajid Parkar would resign as Director but still keep 50% share of the company until the company accounts have been submitted and the company closed.
- I. Aerolay Ltd would cease trading following the sale of all existing stock.
- J. It was discussed that as you are requesting your money back, I will cease allowing Aerolay Ltd the license of my trade mark. I will continue to keep the Brand name and logo. It has been discussed that the trade mark has not been completed and will be finalised in May 2009. As per our meeting you said (Abid Hussain) this will not be an issue as it has been agreed that I (Sajid Parkar) am to keep the logo and trade mark anyway.”

44) Sajid states that £9473.25 was transferred to him as had been agreed at the meeting (£9,500 less bank charges).

45) Sajid states that Abid knew that the trade mark had been applied for in his name. Sajid states that Abid would have opposed the registration of the trade mark if there had been no agreement. (The application file shows that a form TM21 was filed on behalf of Abid on 23 April 2009, requesting a change of name of the application; so that Abid was the registered proprietor.)

46) Sajid states that Abid had pledged £150,000 to Aerolay Limited but transferred £100,000. It had not been agreed that Abid would receive interest on this sum. Sajid states that he also allowed NatWest to place a charge on his property, as part of his commitment to the business. Exhibited at SP6 is a copy of details of a charge recorded by NatWest with Companies House. This records a charge on the assets of the company; not of any officers of the company.

Exhibited at SP7 is a copy of a letter from NatWest, dated 2 April 2009, to Sajid. The letter reads:

“Guarantee dated 20 November 2008 (the “Guarantee”) for the obligations of Aerolay Limited

We confirm that you are released from liability to the Bank under the Guarantee. The Guarantee will be retained by the Bank in accordance with its terms.”

47) Sajid describes the letter exhibited at SP5 as a copy of the minutes of the meeting that took place with Abid and Asif on 4 March 2009.

48) Sajid states that the cheque for £4,000 which was paid to him was for two months' salary and was made in the full knowledge of Abid and Asif. Sajid states that £4,000 was also paid to Aqif. Sajid states that Aqif did no work for the business.

49) Sajid states that it was agreed by Abid, Asif and himself that Ibrahim should keep the accounts of Aerolay Ltd. Sajid states that exhibit 15 to the first witness statement of Abid shows that both Sajid and Asif signed the cheque and so it cannot be claimed that it was not known that Ibrahim was doing work for the company. Exhibited at SP9 and SP10 are copies of invoices from Ibrahim to Aerolay Limited. The invoices are for £650 and £1,300. Ibrahim charges £50 per week for his work.

50) Sajid states that the cheque paid to him for expenses was written after he had submitted receipts.

51) Sajid states that orders were gained by calling customers on a daily basis, not by e-mail. He states that Abid does not explain how a draft set of accounts was created without invoices and the necessary paperwork.

52) Sajid states that after the meeting on 4 March 2009 a meeting took place at the local mosque with the imam acting as mediator. Sajid states that Abid reneged on the agreements he made at the meeting of 4 March 2009. He states that after he (Sajid) resigned as a director of Aerolay Ltd, Abid continued to trade from the company, which was contrary to their agreement. Sajid states that Abid tried to use the trade mark without his consent and knowledge. He states that it was decided at the local mosque that if “they” wanted the trade mark a fair price would have to be paid for it. Sajid states that, after the meeting with the imam, Abid and Asif started a new company called Aerolay.co.uk Limited (company no 06989615) so that they could pass all Aerolay trade to the new company. He states that they did this to avoid paying for his 50% share in Aerolay Ltd. Sajid states that when this came to his attention Lakhani & Co wrote to Abid, Asif and Aqif. Exhibited at SP12 is a copy of a letter from Lakhani & Co, dated 2

December 2009, to Abid, Aqif and Asif. The letter advises that it has been sent to give notice of legal proceedings if they did not pay Sajid for his shareholding and interest in Aerolay Ltd. Exhibited at SP11 are details of Aerolay.co.uk Limited from Companies House. The company was incorporated on 12 August 2009. On 11 February 2010 the positions of Abid and Asif were terminated. On 26 October 2010 details of the company were first published in the Gazette; a precursor to a company being struck off.

53) Sajid states that the £2,000 transferred to him at the beginning of March 2009 was a direct debit* set up for the payment of his salary, the sum relates to payment for February 2009. Sajid has referred to the transfer of £9473.25 above. He states that as per the agreement at the meeting a cheque for £15,000 was also given to Abid; cheque no 000011 shown in exhibit 17 to the first witness statement of Abid.

54) Sajid states that he cannot verify the draft accounts at exhibit 18 to the first witness statement of Abid. He states that he has requested access to the books and paperwork of Aerolay Ltd on numerous occasions. Sajid states that Abid, Asif and Aqif did not submit accounts to Companies House when due, hence the dissolving of the company. He states that the draft accounts cannot be trusted, otherwise they would have been submitted to Companies House.

55) Exhibited at SP14 is a copy of a letter, dated 5 April 2010, from Uday Kumar Patel to Nita Lakhani. Mr Patel writes that he created the aerolay logo and design on the instruction of Sajid. He writes that the name aerolay came about after 2 brainstorming sessions with Sajid regarding the product and the message he wanted to convey. Mr Patel states that the design of the logo was created by him after a name had been agreed between him and Sajid. He states that the invoice was made out to Sajid and paid by him. Mr Patel writes:

“I know for a fact that Sajid Parkar at the time had no business partners and that the idea of creating this brand name and logo was so that he could start importing underlay.”

There is no explanation as to how Mr Patel could know this “for a fact”. Exhibited at SP13 is what is described as invoice 001. There are no dates on the invoice. Included at “stage 04” is a reference to the creation of business cards “for each associate”.

56) Sajid states that on 10 December 2009 his personal e-mail account was hacked into. He states that on the same day domain names were “illegally” transferred from his account in Fasthosts into Asif’s name. He states that the domain names transferred were aerolay.co.uk and aerolay underlay.co.uk. Exhibited at SP18 is a copy of e-mail correspondence between Sajid and Fasthosts and Nominet. Sajid asked Fasthosts for details as to when his

* It is actually a standing order.

Fasthosts account was “hijacked”. The response advises that the account details were changed on 10 December 2009 and that the account was put into the name of Asif. The details were changed back on 17 December 2009. Sajid refers Nominet to the “illegal” transfer of the domain names: aerolay.co.uk, aerolayunderlay.co.uk and aunderlay.co.uk. Nominet advised that it had sent an e-mail to the current registrant of the domain names, Asif.

57) Sajid states that another business partner of Abid, Simon Harrison, was promised funds by Abid for a half share in a company called Homes4u. Sajid states that Abid reneged on his undertaking and did not furnish promised funds and “under false pretences” made Mr Harrison resign from his post as director.

58) Exhibited at SP17 is a copy of a letter from Lakhani & Co, dated 23 December 2009, to Barratts & Company re aspects of the disputes between the parties.

Second witness statement of Abid Hussain

59) Exhibited at AH1 is a copy of a letter from Barratts & Co to the Intellectual Property Office, dated 19 October 2010, advising that there had not been a settlement between the parties.

60) Abid states that Sajid did accompany him to Germany. Exhibited at AH2 is correspondence in relation to an easyJet flight from Stansted to Munich on 16 September 2007, and the return journey on 17 September 2007. The contents of the correspondence are somewhat confusing as reference is made to “1 passengers”: Mr Abid Hussain and Sajid Parker (sic). However, reference is also made to the passengers being entitled to 2 hold bags. The correspondence states that Abid did take the flight.

61) Abid acknowledges that Sajid travelled to China many times before as a furniture salesperson; this was one of the reasons he was offered a position with Aerolay Ltd.

62) Abid states that exhibits 2 to 10 of his first witness statement were “not premeditated to misrepresent or deceive the IPO, regrettably others caused the errors”.

63) Abid states that he produces, by means of exhibit AH3, “further” evidence that AA Carpets & Furniture paid for the trip to China. This exhibit consists of an invoice made out to Asif for one night’s stay, on 16 January 2008, for 2 persons at the Pudong Shangri-la in Shanghai.

64) In relation to certain matters Abid states that he will rely on verbal evidence from Asif.

65) Abid states that he has no knowledge of receiving a recorded delivery letter from Sajid dated 4 March 2009. He states that, at the time, all correspondence and invoices would have gone to Ibrahim.

66) Abid states that Sajid did not allow NatWest to place a charge on the latter's property. Abid states that NatWest only had a personal liability guarantee from Sajid. Exhibited at AH4 is a letter, dated 17 June 2009, from NatWest to Abid, as director of Aerolay Limited. The letter states:

“Kindly note that the bank had received a letter from Mr. Sajid Parker on 9th March 2009, stating that he has resigned from Aerolay Limited. As per Sajid's request to release the personal guarantee, the bank has released Sajid Parker from the personal guarantee supporting the company debenture.

In view of this the bank has cancelled the credit card and overdraft facilities given to the company.”

67) Abid states:

“I recall there was no discussions on the 4th March 2009 regarding the closure of the company and/or any agreement reached by all parties concerned.”

68) Abid states that Sajid's receipts were never received and that payment was authorised by Ibrahim on the basis that Ibrahim would get the receipts from Sajid.

69) Abid states that Aerolay Ltd accounts could not be submitted to Companies House as Sajid had taken away most of Aerolay's papers when he resigned from the company.

70) Exhibited at AH5 is a copy of an e-mail, dated 27 January 2011, from Mark Davies to Asif. Mr Davies writes:

“Abid and Asif had been telling me that they intended to launch their own underlay company about a year before they went to china. Every time i saw the two of them they would show me different types of artwork for their company which they had decided to call arolay.

As the time approached for Asif to get to meet the people he had been talking to in china, Abid mentioned to me that they were going to bring in someone to help to run the uk sales as they were both very busy already, and it was then that they mentioned Mr Parker who was the son of the book keeper.

I had been asked to help them with my sons to introduce arolay to my customers as they had no customer account lists and this i did,

Asif and Abid asked me whether I thought that showing at the Harrogate show would be a good idea which I thought it would, and we agreed I would have my son on their stand and I would send my customers to them to buy underlay.

Mr Parker was present at the show and although I knew Abid and Asif had bankrolled the entire operation Mr Parker was trying to give the impression he was the boss, which I felt uncomfortable with, and I told Asif this.

I believe Mr Parker saw an opportunity to take advantage of a genuinely descent and honourable family, and I feel that both he and his Father have acted in a disgusting manner towards them, seeking only to take advantage for their own financial gains.”

71) In his witness statement Abid refers to various persons giving evidence orally at a hearing. If Abid wished these persons to give evidence he should have arranged for the submission of written evidence as per rule 64(1) of the Trade Marks Rules 2008; the witnesses could then have been cross-examined upon their evidence. The position is to be contrasted with that of the Trade Marks Rules 2000, rule 55(2), where there was specific provision for oral evidence.

The cross-examination and evidence

72) Abid was generally a truthful and straightforward witness. However, his position was hampered as much of what he had given as evidence and what he said was hearsay. As Abid stated, he was not involved in the day-to-day running of the business. He accepted that certain comments in the e-mail of Mark Davies were not factually correct, re knowledge of the launching of the company and the artwork. The e-mail of Mr Davies has to be considered as hearsay evidence, as Mr Davis has not given a witness statement. Owing to the inaccuracies in the e-mail no weight is given to the e-mail. It was accepted in Abid's second witness statement, and under cross-examination, that exhibits 1 to 10 to his first witness statement do not relate to the design of the Aerolay Limited logo as he had stated.

73) The cross-examination of Sajid was much more limited than the cross-examination of Abid. In relation to his initial denial that he had travelled to Germany with Abid, he changed his position, in the face of the evidence, to denying that he had travelled in relation to the business of Aerolay Limited. He admitted that he had travelled to Germany with Abid. It is clear that his initial statement was not correct. There was a flat denial that he had travelled to Germany and he had furnished a copy of his passport to substantiate this. As Sajid had travelled to Germany he would have known that, as a United Kingdom citizen, his passport would not be stamped by the German authorities.

74) Sajid commented upon his offer to confirm “that all the ideas were his” on the Koran, following the statement at the end of Abid’s witness statement, that Abid would walk away from the whole affair if Sajid did this. Sajid made this offer but the proceedings continued. It was not clear from Abid’s responses under cross-examination how Sajid had not offered to comply with the suggestion. However, it is not possible to see how any form of estoppel arises from the offer of Sajid to comply with the offer from Abid.

75) In the grounds of invalidation Abid states:

“ ‘would be’ purchasers are accidentally buying off Aerolay thinking it is the original’s company good reputation. There is confusion over the leadership of the company. Sales have dropped as consumers are confused as to who owns ‘Aerolay’.”

He accepted at the hearing that Sajid had not made any sales under the Aerolay trade mark since leaving Aerolay Limited and that there had, consequently, been no confusion.

76) The letter from Mr Patel re the creation of the Aerolay logo and design is also hearsay evidence. No dates in relation to the creation are given. Mr Patel makes a statement, in relation to business partners, that he is in no position to give; it is the worst form of hearsay evidence. However, there has been no alternative evidence as to how the logo was developed. It is considered that the hearsay evidence in relation to the creation of the logo must be accepted. (Not only has Abid given no evidence as to how the logo was created but exhibits 1-10 of his first witness statement were misleading in relation to this matter.)

77) It is Sajid’s position that the idea of the underlay, its name and the logo in relation to it, all emanated from him or owing to his instructions to Mr Patel. It was for this reason he had a 50% shareholding in Aerolay Ltd whilst Abid and Asif each had a 25% shareholding. It is Abid’s position that Sajid was brought in by him to assist in an undertaking which was his creation; in both terms of the idea for the business and the name of the business. The position of Abid does not seem to sit easily with giving Sajid a 50% shareholding in the company. The e-mail of Mr Davies is given no weight as to the facts that it claims. However, it is to be noted that the explanation as to when the name Aerolay was devised is directly contradictory to that given in Abid’s first witness statement. This raises doubts as the explanation of the devising of the trade mark by Abid. Consequent upon his primary rôle in the business, it is Sajid’s contention that Abid and Asif agreed that the trade mark should be owned by Sajid.

78) If Sajid had devised the name, this does not give him rights in it per se as a trade mark. There are no rights in a name per seⁱⁱ. However, it is his contention that Abid and Asif had agreed that the trade mark should be registered in his

name. It is necessary to consider on the evidence in this case whether this contention can be accepted.

79) Abid denies that any meeting took place on 4 March 2009 and that any letter was received by him or Asif on 11 March 2009. Mr Collins considered that it was significant that the letter was written on 5 March 2009 but not posted until 10 March 2009. It is not possible to see that this has any significance. The denial that any meeting took place is illustrative of the divergent statements made by the parties. In the letter that Sajid exhibits at SP5 there is reference to a payment being made to him of £9,500; £10,000 repayment less £500, £300 of which relates to the payment to the Intellectual Property Office. The bank statement exhibited at 17 to Abid's first statement shows a payment to Sajid of £9,473.25p. Abid states that this payment was made by Sajid himself. At the hearing Sajid stated that he had repaid the £300, which had been made on Asif's credit card, afterwards. There is clearly a long gap in time from 13 August 2008, the date of filing, and the payment that Sajid appears to have made to himself on 5 March 2009. Sajid stated that the payment was made by Asif simply because the former was driving at the time and so could not make it. If this were the case it might be expected that the repayment would take place soon after the debt was incurred.

80) Mr Collins expressed regret that the relationship between the parties had not been regulated in a documentary form. This absence of documentation of the relationship and of meetings, as Mr Collins expressed, does give rise to difficulties. In *Scandecor Development AB v Scandecor Marketing AB* [1999] FSR 26 the Court of Appeal warned that where there is no agreement which regulates the parties' rights, the problem:

“is ultimately soluble by a factual enquiry [with] all the disadvantages of the length of its duration, the cost of its conduct and the uncertainty of its outcome”.

Section 5(4)(a) of the Act – passing-off

81) Section 5(4)(a) of the Act states:

“4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”.

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

82) Abid claims that he owns the goodwill in the business which has used the Aerolay trade mark. Mr Collins confirmed that this was the basis of the claim, not that Aerolay Limited owned the goodwill. Under the Trade Marks (Relative Grounds) Order 2007

“5.—(1) Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).

(2) Those persons are—

(a) in the case of an application on the ground in section 47(2)(a) of that Act, the proprietor or a licensee of the earlier trade mark or, in the case of an earlier collective mark or certification mark, the proprietor or an authorised user of such collective mark or certification mark; and

(b) in the case of an application on the ground in section 47(2)(b) of that Act, the proprietor of the earlier right.”

So, Abid can only rely upon section 5(4)(a) if he establishes that he is the owner of the goodwill. (Aerolay Limited could not be joined to the proceedings as it was dissolved on 21 September 2010.)

83) The submission of Mr Collins was that Abid owned the goodwill as he had put up most of the money for the business. It is noted that the business was run from the premises of AA Carpets. This does not give Abid the ownership of the goodwill. If Aerolay Limited is not the owner of the goodwill in its business, it is necessary to establish in evidence that some other party is the owner or joint owner. The evidence does not establish that Abid is the owner of the goodwill in the business. On the headed notepaper that was supplied with the statement of grounds Aerolay Ltd, company no 6604074, is identified as the owner of the business. It is this undertaking whom creditors and debtors will identify with the business. There is nothing in the evidence to establish Abid as the owner of the goodwill.

84) The claim under section 5(4)(a) of the Act must be dismissed as Abid has failed to establish that he owned the goodwill in the business.

Section 3(6) – bad faith

85) Section 3(6) of the Act states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

The material date for bad faith is the date of the filing of the application for registrationⁱⁱⁱ. Bad faith cannot be cured by some action after the date of the application^{iv}. (It may be, however, that actions after the date of application cast light on the decision to make an application for registration.)

86) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined^v”. Certain behaviour might have become prevalent but this does not mean that it can be deemed to be acceptable^{vi}. It is necessary to apply what is referred to as the “combined test”. It is necessary to decide what Sajid knew at the time of making the application and then, in the light of that knowledge, whether his behaviour fell short of acceptable commercial behaviour^{vii}. Bad faith impugns the character of an individual or collective character of a business, as such it is a serious allegation^{viii}. The more serious the allegation the more cogent must be the evidence to support it^{ix}. However, the matter still has to be decided upon the balance of probabilities.

87) The issue crystallises to a simple matter; was the application for registration made in the name of Sajid with the knowledge and agreement of Aerolay Limited or the officers thereof. In the statement of grounds Abid does not state in whose name the application should have been made; nor does he make any specific reference to this in his two witness statements. In his first witness statement, Abid states that he asked Asif to apply to the Intellectual Property Office to

register the name of Aerolay. In the statement of grounds Abid refers to matters occurring after the filing of the application for registration. Matters that do not cast any light upon the position at the date of the application for registration. He does not claim, in the statement of grounds, that the application should not have been made in Sajid's name. From the contents of the statements of grounds, the witness statements and the application for a change in the name of the ownership of the application; it appears that Abid considers that the application should be in his name. There is no evidence as to why this should be. The inference appears to be, as per the claim to goodwill, that owing to his position in the undertaking, the intellectual property should belong to him rather than the limited company or Sajid. (As this is not an application for rectification, this is not a critical matter but is indicative of the lack of clarity in Abid's case.)

88) The application for registration was made on 13 August 2008. On 12 August 2008, Abid and Asif had retired as directors and Aqif had been appointed as a director. Sajid was still a director and company secretary. The payment for the application was made on the credit card of Asif, who was still a shareholder if not an officer. Sajid made the application by e-filing, using his personal address. Consequently, there is no reason that Abid, Asif or Aqif would have seen the contents of the application and they would not have received any correspondence from the Intellectual Property Office. Abid states that he asked Asif to make the application; the application was made by Sajid; giving rise to another discrepancy in the evidence.

89) If the whole idea of the business and the trade mark used in relation to it emanated from Sajid it could be perfectly reasonable for the trade mark to be in his personal name, rather than that of the company; where it would be an asset of the company. Abid's characterisation of the subservient rôle of Sajid does not sit comfortably with his position as director, secretary and 50% shareholder. The letter exhibited at SP7, shows that Sajid had made a personal guarantee to the bank in relation to Aerolay Limited. In order to support his position Abid filed copies of cheques which did not relate to what they purported. (This was corrected in his second witness statement, after it had been challenged in the evidence of Sajid.) Abid also supplied the e-mail from Mr Davies, the contents of which he knew were not correct. In his application for a change of name of the ownership Abid applied in his own name. Sajid's evidence in relation to the trip to Germany was incorrect. It is not known what the position was in relation to the trip to China. Sajid states that he paid for the flights to China. The evidence of Abid, exhibit AH3, relates to the payment of hotel expenses.

90) The statement of case and the evidence of Abid lacks clarity and detail. Abid's evidence lacks contemporaneous, documentary evidence in relation to key issues. His evidence contains the copies of the cheques and the e-mail from Mr Davies which are misleading. There is no explanation as to why in August 2008 Abid decided to apply for a trade mark. There is no indication as to discussions amongst the directors/shareholders. It is a statement lacking any

confirmatory evidence. If the application had been requested, it would have been expected that the absence of any documentation would have been queried. The ownership of domain names in the ownership of Sajid were transferred without permission; and then returned by Nominet to Sajid. This was an attempt to appropriate the property of Sajid and is taken into account in considering the behaviour of Abid and Asif in relation to the ownership of the trade mark. It is also noted that the appointment of Aqif as a director, and the retirement of Abid and Asif as directors, tallies with Sajid's evidence in relation to the loan.

91) It is found that the trade mark was applied for in the name of Sajid with the knowledge of Abed and Asif and with the approval of the officers of Aerolay Limited. **The application was not made in bad faith and the ground under section 3(6) of the Act is dismissed.**

Costs

92) Sajid having been successful, he is entitled to a contribution towards his costs. Until 1 October 2010 Sajid had legal representation. However from 1 October 2010 he was without legal representation. In BL O/160/08 Mr Richard Arnold QC, sitting as the appointed person, stated:

“32. Secondly, counsel for the opponent submitted that, if CPR r. 48.6 was applicable, the hearing officer had misapplied it. In support of this submission he pointed out that CPR r. 48.6(4) provides:

The amount of costs to be allowed to the litigant in person for any item of work claimed shall be-

(a) where the litigant can prove financial loss, the amount that he can prove he has lost for time reasonably spent on doing the work; or

(b) where the litigant cannot prove financial loss, an amount for the time reasonably spent on doing the work at the rate set out in the practice direction.

The Part 48 Practice Direction provides at paragraph 52.4 that the amount which may be allowed to a litigant in person under rule 46.8(4) is £9.25 per hour. Counsel submitted that the hearing officer appeared to have awarded the applicant two-thirds of the scale figure which he would have awarded a represented party, and that this could not be justified since the opponent had not proved any financial loss and was very unlikely to have spent over 160 hours on the matter.....

36. In my judgment the approach which should be adopted when the Registrar is asked to make an award of costs in favour of a litigant in person is as follows. The hearing officer should direct the litigant in

person pursuant to r. 57 of the 2000 Rules to file a brief schedule or statement setting out (i) any disbursements which the litigant claimed he has incurred, (ii) any other financial losses claimed by the litigant and (iii) a statement of the time spent by the litigant in dealing with the proceedings. The hearing officer should then make an assessment of the costs to be awarded applying by analogy the principles applicable under r. 48.6, but with a fairly broad brush. The objective should be to ensure that litigants in person are neither disadvantaged nor overcompensated by comparison with professionally represented litigants.”

(Under the current practice direction the amount allowed to a litigant in person is £18 per hour.)

93) Sajid should furnish, within two weeks of the date of issue of this decision, a brief schedule of costs incurred by him from 1 October 2010 onwards, as indicated above in the decision of Mr Arnold. A supplementary decision on costs will then be issued.

94) The period for any appeal against this decision will run concurrently with the appeal period for the decision on costs and so will not commence until the issuing of that decision.

Dated this 11th day of January 2012

**David Landau
For the Registrar
the Comptroller-General**

ⁱ “47. - (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).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(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.

(2A)* But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration, (b) the registration procedure for the earlier trade mark was not completed before that date, or (c) the use conditions are met.

(2B) The use conditions are met if –

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or (b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community. (2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(3) An application for a declaration of invalidity may be made by any person, and 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.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

ⁱⁱ As per Parker J in *Burberrys v J C Cording & Co Ld* [1909] 26 RPC 693:

“The principles of law applicable to a case of this sort are well known. On the one hand, apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name.”

ⁱⁱⁱ *Hotpicks Trade Mark* [2004] RPC 42 and *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07 paragraph 35.

^{iv} *Nonogram Trade Mark* [2001] RPC 21.

^v *Gromax Plasticulture Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

^{vi} *Harrison v Teton Valley Trading Co* [2005] FSR 10.

^{vii} (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and *Ajit Weekly Trade Mark* [2006] RPC 25.

^{viii} See *Royal Enfield Trade Marks* [2002] RPC 24.

^{ix} *Re H (minors)* [1996] AC 563.