

## THERE'S NO TOPPING THIS: LOCALISED GOODWILL AND ITS POTENTIAL NATIONAL CONSEQUENCES

The case of *Caspian Pizza Limited & ors v Mr Shah & ors* ([Judgment](#)) provides welcome clarification on the law relating to the revocation of a trade mark under s5(4)(a) of the Trade Marks Act 1994 where the prior right is localised goodwill. The decision also provides guidance on the evidence necessary to infer the existence of a franchise agreement and whether ownership of the relevant premises is sufficient to make a party liable as a joint tortfeasor.

The case involved a dispute between two pizza delivery companies based in Birmingham (Claimants) and Worcester (Defendants) over the right to use the trade name 'Caspian' in relation to a pizza business. The Judge found that the Claimants' business had been operating under the Caspian name in Birmingham since 1991, and that they applied for and registered the 'Caspian' word mark in 2005. As for the Defendants, the Judge found that the First Defendant had operated a Caspian Pizza restaurant in Worcester since 2002. Therefore the Defendants trading began 10 years after the Claimants, but 3 years before the registration of the trade mark.

HHJ Hacon considered two decisions under s5(4)(a). In *Redd Solicitors LLP v Red Legal Ltd* [2012] EWPC 54, HHJ Birss QC (as he then was) found that where a party has sufficient local goodwill to found an action for passing off, this can found a defence to an action for trade mark infringement under s11(3); however that that goodwill may be so localised (in that case Northamptonshire) as not to give grounds for revocation under s5(4)(a). A different decision was reached in the Trade Mark Registry decision in *SWORDERS Trade Mark O-212-06*, where Allan James for the Registrar found that

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in the absence of any voluntary restriction on the geographical scope of the registration (under s.13 of the Act), localised goodwill was sufficient for revocation of a trade mark under s5(4)(a).

HHJ Hacon preferred the approach in *SWORDERS*. He noted that on the *Redd* approach, the resolution of the conflicting rights of parties using the same trade mark in different localities would come to depend arbitrarily on which party gets to the Register first. The *SWORDERS* approach was more likely to give the tribunal the opportunity, where appropriate, to arbitrate a fair territorial limit to the trade mark rights granted.

As the Defendants' goodwill, localised to Worcester, pre-dated the Claimants' application to register the trade mark, HHJ Hacon therefore held that in the absence of any geographical limitation of the Claimants' registered mark, it was invalidly registered pursuant to s5(4)(a).

It is therefore clear that localised goodwill will become a much more pertinent threat to trade marks, and that the possibility of geographically restricting marks will now need to be borne in mind

**Jonathan Moss** of Hogarth Chambers represented the Defendants. He was instructed by Radcliffes Le Brasseur.